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Foreign affairs:
Euro-dilemma
for Bush, Page 15

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NEWS SUMMARY

GENERAL

Strauss says zero option not realistic

German Christian Social Union leader Franz Josef Strauss said that the Western "zero option" aim under which the Soviet Union would destroy all its intermediate-range nuclear missiles is unrealistic. He said that the most that could be expected from the U.S.-Soviet negotiations in Geneva was that Moscow would agree to give up some SS-20 missiles, which would mean that the West would have to provide a counterweight. Page 16

In Britain, public opinion is growing more opposed to the siting of cruise missiles in the UK, but a majority is still against unilateral disarmament. Page 16

Leaders of seven non-Communist left-wing governments urged the Soviet Union and the U.S. to negotiate seriously on arms reduction. Page 2

U.S. nuclear warning
U.S. Nuclear Regulatory Commission is to warn all utilities of the risks from substandard pipes fraudulently supplied over 10 years, some of which may have been used in reactor cooling systems and reprocessing plants. Page 2; technical report, Page 10

Portugal may vote
Portugal's President, General Antonio Balsemão, was expected to announce the dissolution of Parliament last night, leading to a general election.

Habib-Begin talks
U.S. Middle East envoy Philip Habib met Israeli Prime Minister Menachem Begin in Jerusalem last night amid signs of a deepening rift between the two leaders over the Israeli withdrawal from Lebanon. Page 16

Polish forecast
The final lifting of martial law in Poland could be in mid-year said Politburo member Tadeusz Porebski.

New 'phone tapping
Former Justice Minister in the previous Haughey Government in Ireland, Sean Doherty revealed that a third journalist, Vincent Browne, editor of a news magazine had had his telephone tapped. Page 2

Israeli proposal
Two Israeli Ministers have proposed a law to forbid Israelis to meet members of the Palestine Liberation Organisation.

Sinai water project
Water from the Nile will flow to the Sinai desert next month, siphoned through a new pipe system.

Talks on Belize
Britain, Guatemala and Belize today renew attempts to settle Guatemala's claim to Belize, the former British Honduras.

Soldier stabbed dead
Vechta, West Germany, magistrate ordered the detention of one Italian and the arrest of two others after a British soldier was stabbed dead and four others wounded after a fight outside a bar at Damme, near Osnabrück.

Benin opens borders
Benin opened its borders to most West Africans ordered out of Nigeria as illegal aliens - but refused admittance to Ghanaians.

Briefly...
Helicopter exploded near Anzio, Italy, after its propeller tangled with an electricity cable, killing all four aboard.
Thousands were left homeless by a fire in the Mathare Valley shantytown, Nairobi.

BUSINESS

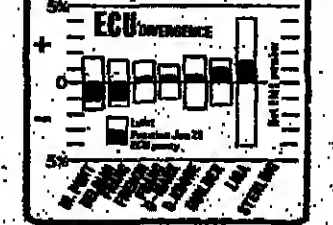
UK move to combat financial frauds

Officials from the UK Treasury, the Bank of England, the Home Office and the Department of Trade are working on plans for more effective policing of London's financial community, particularly to stop fraud, which is on the increase. Page 16

SOVIET aid to its supporters has become a significant drain on its limited resources, says a Nato study. Page 2

SYRIA is allocating 54 per cent of its budget to defence, according to Damascus radio. Page 2

THE D-MARK lost ground in the European Monetary System last week, reflecting nervousness ahead of the March general election. However, it ended the week a little over.



above its worst levels following Thursday's decision by the Bundesbank not to reduce the West German discount rate.

Such a move had previously been widely discounted, but towards the end of the week the market attitude changed after the fall in the U.S. discount rate materialised.

The Italian lira was the strongest currency by virtue of its wider divergence allowance, with the Dutch guilder remaining in second place. The British pound slipped to the bottom of the EMS, displacing the Belgian franc, which benefited from the weakness of the D-Mark.

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which currencies (except the lira) may move more than 2 1/2 per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

A RECORD number of UK companies went into liquidation in 1982, according to provisional figures from the Department of Trade.

A total of 12,039 companies failed, an increase of 40 per cent over 1981 and more than in any other year covered by the department's records.

ZIMBABWE'S petrol supplies have improved to 75 per cent of normal consumption. Page 2

SPANISH Premier Felipe Gonzalez forecast a budget deficit of Ptas 1,200bn (\$8.39bn), instead of the Ptas 780bn forecast by the former Government. Page 2

Spain attracted 42m visitors last year, a 4.7 per cent increase on a record 1981.

YUGOSLAVIA has lifted the limit of \$250 a month for private foreign currency withdrawals from banks.

AUSTRIA'S unemployment and inflation rates are well below the OECD average. Today's Statistical Trends analysis reveals the background. Page 4

GULF OIL, an Elf Aquitaine have agreed to buy three Beatrice Sea sections from BP Alaska Exploration for \$58m. Page 2

AMERICAN BRANDS, the U.S. tobacco group has reported net earnings of \$103.8m or \$1.8 a share for the fourth quarter of 1982, compared with \$102.8m in the same period of last year. Details, Page 15

Italian unions and employers agree to cut scala mobile

BY JAMES BUXTON IN ROME

The scala mobile, Italy's highly protective system of wage indexation, is at last to be changed after more than 18 months of negotiation. Unions and employers agreed in Rome at the weekend to reduce by more than 15 per cent the extent to which it compensates wage-earners for price inflation.

The agreement - an important boost to the Government of Sig Amintore Fanfani - was initiated just before midnight on Saturday, after nearly a fortnight of non-stop talks involving the Government, unions, and employers. Up to the last moment, there was doubt whether Confindustria, the employers' association, would sign. Sig Vittorio Merloni, its president, had threatened to resign unless he obtained a satisfactory clarification of an important part of the agreement.

The formula finally agreed for the scala mobile, which since 1975 has given protection, in the case of lower-paid workers, against about 80 per cent of inflation, is to be modified from next month to cut by 15 per cent the compensation given for each point on the index; in addition, the effect on prices of future increases in value added tax will be removed from the index.

If inflation exceeds the agreed target for the year, no compensation will be given for the effect of any rise in the dollar against EEC currencies. The total effect is expected to be a reduction in the protection against inflation of about 18 per cent; Confindustria had originally asked for 50 per cent.

As part of the settlement, basic wage rates can rise in contract agreements by a maximum of L100,000 (\$71.50) a month by mid-1983.

Working hours are to be reduced by 40 hours a year by mid-1983. This means a cut of slightly less than an hour a week on the basis of the 47-week year which Italians work. It was on this issue, strongly contested by Confindustria, that Sig Merloni had threatened to resign.

To help obtain an agreement, the Government has agreed to adjust tax rates to protect workers from the effect of fiscal drag, take over some of the cost of social security contributions from employers, and raise some social security benefits.

It has also agreed not to raise charges for state services, such as public transport and electricity, by more than 13 per cent this year as it had originally intended.

According to one unofficial estimate, the cost of concessions above what the Government had originally intended.

Continued on Page 16

Backing for Nakasone's stronger defence posture

BY JUREK MARTIN IN TOKYO

MR YASUHIRO NAKASONE, the Japanese Prime Minister, has secured the provisional support of his ruling Liberal Democratic Party for a renewed drive to amend the National Constitution to enable Tokyo to take a more substantial defence posture. He has also agreed to a fresh bilateral study with the U.S. on ways in which Japan might assume some of the present U.S. responsibilities for defence of the western Pacific sea lanes.

The party's annual convention at the weekend pledged itself to seek the people's backing for constitutional change, thus bringing into the forefront of politics a long-simmering issue, which was brought back to the boil last week by Mr Nakasone's trenchant public comments during his visit to Washington.

The Prime Minister, with considerable support inside the LDP, has for years made no secret of a desire to rewrite the so-called "peace constitution" drafted largely by the U.S. occupation authorities 30 years ago, which limited the Japanese

military to a narrowly defined self-defence role.

But the heightening of the constitutional question comes at the start of a week of unusual tension in Japanese politics. This will be kicked off today, when Mr Nakasone and his principal Cabinet officers make major policy speeches to the Diet (parliament) which will address, in part, Japan's international role.

But the public eye is probably more firmly fixed on Wednesday when the Government prosecution team is due to make known the sentence that it wants imposed on the former Prime Minister, Mr Kakuei Tanaka, on charges that he accepted \$2m in bribes while in office to promote the sale of Lockheed aircraft to All Nippon Airways.

Mr Tanaka, Prime Minister from 1972 to 1974 and still a major force in Japanese politics, is widely seen as one of Mr Nakasone's principle mentors. Public perception of Mr Nakasone's handling of the climactic stage of the six-year-long case against Mr Tanaka, on which a judicial verdict is expected in the autumn, will be a determining factor in the Prime Minister's political future, and thus of the policies he wishes to implement.

On his return to Japan from Washington on Friday night, Mr Nakasone finally confirmed after much equivocation that he had indeed told the Washington Post, in an interview last week, that *inter alia* he wanted Japan to become "an unsinkable aircraft carrier" against Soviet aggression.

He insisted, however, that he had not used the same words in his direct conversations with President Ronald Reagan.

In his speech to the LDP convention, the Prime Minister, clearly aware that opposition to his statements had also surfaced inside his own party, adopted a softer line. He said he had told Mr Reagan that Japan would stick to its post-war principles of never acquiring a nuclear capability, and never aspiring to be a major military power again.

He reported on what he described

Continued on Page 16

U.S. will aim to stimulate economy

By Anatole Kaletsky in Washington

THE REAGAN Administration has shifted decisively to stimulate the U.S. economy and future policy will aim to avoid a recurrence of the high interest rates, "restrictive monetary policies" and fears about uncontrolled budget deficits which have blocked economic recovery during the past year.

These were the main themes of a wide-ranging TV interview given yesterday by Mr Donald Regan, the U.S. Treasury Secretary.

President Ronald Reagan will formally present the outline of his new economic plan tomorrow night in his State of the Union address.

Mr Regan said the Administration would be forecasting a growth rate of 3.2 per cent between the fourth quarters of 1982 and 1983, with a "much more stimulative" economy by the end of this year. He effectively acknowledged that "continuing" tax increases of \$135m in the years beyond 1985 would be proposed in the President's 1984 Budget and said that reducing deficits to 2 per cent of GNP - or less than \$100bn - would be "entirely possible." But he would not officially confirm the tax increases, saying that he could not pre-empt the President.

The Administration's primary concern was to stimulate the economy now, Mr Regan repeatedly stressed. The policies to achieve this were already in place he believed. "We definitely have a stimulative-type policy - the deficits are stimulative, provided you do not overdo them, the money supply has been growing at a good rate and there is another tax cut coming in July," he said.

The concern about excessive monetary relaxation - expressed last week by Mr Paul Volcker, the chairman of the Federal Reserve Board, applies only to future years in Mr Regan's view. Mr Volcker realised that the first thing now is to get the economic regeneration and accommodative monetary policy is necessary," the Treasury Secretary said.

Explaining why the Administration's large budget deficit in the past had failed to produce an economic recovery, Mr Regan pointed out that "unfortunately, the stimulus of fiscal policies ran

Continued on Page 16

Editorial comment, Page 14

Oil exporters struggle in bid to set quotas

BY RICHARD JOHNS IN GENEVA

MINISTERS representing the Organisation of Petroleum Exporting Countries were struggling last night, in an atmosphere of apprehension and gloom, to agree production quotas for individual member states, and a collective output low enough to protect the badly eroded reference price of \$34 a barrel.

Saudi Arabia and Kuwait insisted last night that the differential should be widened between the reference price and the rates for premium African crudes produced by Algeria, Libya and Nigeria. The present notional margin is \$1.50 a barrel but the Gulf camp wants it raised to between \$3 and \$3.80.

Any hope of compromise seemed to depend on a collective recognition of the potentially catastrophic consequences for producers, if effective discipline is not applied.

Opec's difficulties have been compounded by the fact that its combined production has dropped to little more than 17m barrels a day (b/d), compared with a ceiling of 18.5m b/d, agreed when ministers met in Vienna five weeks ago. The decline is attributed largely to postponement of purchases by custom-

ers, while uncertainty over the price level continues.

With Opec more sharply polarised between the Arab producers of the Gulf and other members, Saudi Arabia is under growing pressure from the majority to bear the burden of any cuts in output.

In return for a major Saudi "concession" - a reduction of the kingdom's present output ceiling from 7m b/d to 4.5m-5m b/d - Iran and Libya, the producers most flagrantly disregarding the individual quotas, would evidently be prepared to undertake at least to reduce their output.

Optimism about reaching a compromise was based largely on the greater flexibility which Iran and Libya have shown in recent ministerial contacts over the past week.

The situation has been complicated, however, by the tough stance shown by Venezuela, the other member to have made no effort to hide its renunciation of quotas originally agreed 10 months ago under an overall limit of 17.5m b/d.

Delegates from Caracas say that

Continued on Page 16

Occidental writes off \$85m on ENI deal

BY PAUL TAYLOR IN NEW YORK

OCCIDENTAL PETROLEUM, the U.S. energy group which last year paid \$4bn to acquire Cities Service, will make a \$85m charge against fourth-quarter earnings as a result of its decision to pull out of its loss-making joint chemicals venture with Ente Nazionale Idrocarburi (ENI), the Italian state oil company.

However, Oxy also revealed that it will use \$176m received as a result of the ending of the joint venture to reduce bank debts. The \$85m charge appears to represent the difference between the book value of Occidental's share in the project and what it received for its stake.

The charge, announced by Dr Armand Hammer, chairman and chief executive of Occidental, follows the announcement last month that the Enoxy Chemicals joint venture was to be dissolved because Occidental did not wish to join ENI with its planned purchase of various Montedison chemicals plants in Italy.

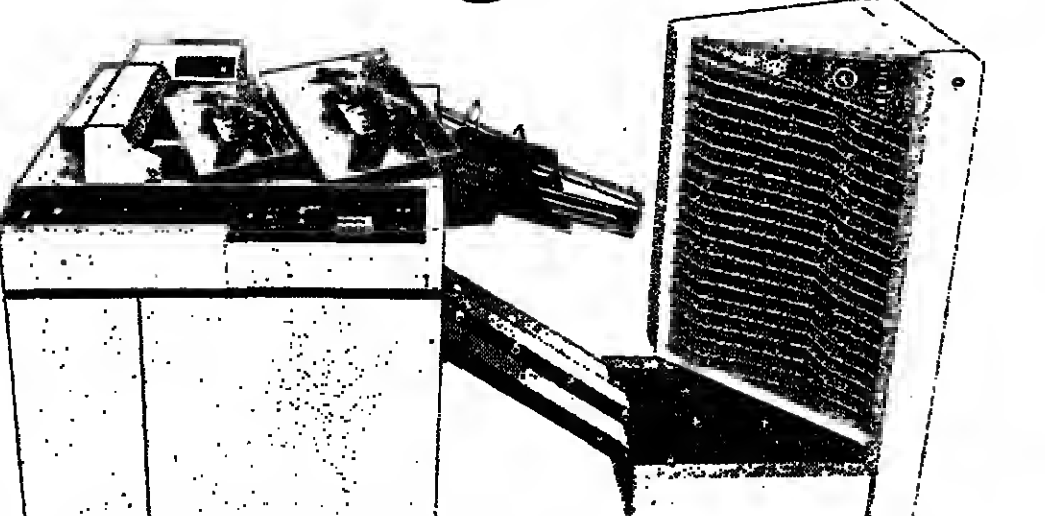
Occidental and ENI will continue their co-operation in the Enoxy coal venture which owns four mines in the U.S.

Dr Hammer announced the fourth-quarter charge after presenting Continental Illinois and Manufacturers Hanover Trust, agents for \$1.9bn loan Occidental took out to help fund the acquisition of Cities Service, with a cheque for \$1bn.

The Occidental chairman said the repayment would reduce the company's interest payments by \$100m a year. Funds for the repayment were obtained through the sale of assets and cash balances. Occidental recently sold Cities Service's natural gas transmission business for \$500m.

He said the company hopes to pay off most of the remaining debt borrowed to finance the acquisition through the sale of assets this year and next. On Friday, Petrolene of Long Beach California, said it had agreed in principle to buy Cities Service's liquid propane gas business for \$30m.

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original documents: single sheet originals, books, 3D objects, tracings, overhead transparencies - from A3 to A6. Other stars in the Minolta range are the EP530R with a reduction facility, the EP530, which offers the same benefits but without reduction, and the smaller EP300 and EP320. All with Minolta's unique Micro-Toning System. So, whatever your copying needs, Minolta gives you star quality every time.

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OVERSEAS NEWS

More allegations in Ireland's phone tapping scandal

BY BRENDAN KEENAN IN DUBLIN

IRISH opposition MP's met yesterday in a state of near-total confusion as further revelations emerged in the Republic's telephone tapping scandal.

The former Justice Minister, Mr Sean Doherty, named a third journalist whose phone was allegedly tapped, and rank and file Fianna Fail MPs were expected to demand an explanation from Mr Charles Haughey, the party leader.

The Government of Dr Garret FitzGerald itself became seriously alarmed over the weekend by allegations that the British Embassy in Dublin had also had its telephones tapped. In the event, rumoured revelations to this effect from Mr Doherty never came, and he denies that he ever intended to make such a claim.

For the opposition Fianna Fail, the most serious damage so far has come from the conversation between two former ministers last year, which one of them secretly taped.

The man who was taped, Dr Martin O'Donoghue, denied claims that bribery was involved but admitted that he had said there were people prepared to help if the former Finance Minister, Mr Ray McSharry, was "financially compromised". Irish newspapers have been freely speculating that a sum of £100,000 (\$140,000) was discussed.

Mr Doherty said in a radio interview that the editor of an Irish news magazine, Mr Vincent Browne, had his telephone tapped, with the clear inference this was



Mr Charles Haughey

done during Dr FitzGerald's previous administration. The whole episode has shaken badly the confidence of the public and rank-and-file MPs in the working of the security services. Mr Haughey's leadership was not due to be discussed at yesterday's Fianna Fail meeting but Mr Doherty could very easily turn into a new challenge to his leadership.

Zimbabwe's petrol supply raised 15%

BY OUR HARARE CORRESPONDENT

ZIMBABWE has increased petrol supplies by 15 per cent, signalling a marked improvement in the country's fuel supply situation.

In an official statement at the weekend, the Government said petrol supplies would now be running at 75 per cent of basic consumption, while diesel supplies to the national railways and to the fuel bridging road fleet would be increased to 100 per cent of consumption. Other diesel-users will get 80 per cent of their requirements.

The improvement was foreshadowed in a statement to parliament by the Minister of Energy last week and follows the re-opening of the Beira-Mutare oil pipeline nearly two weeks ago.

The pipeline, which was out of action for five weeks after two sabo-

tage attacks - one on the Beira oil tank farm which supplies petrol to the pipeline and another on the pipeline itself early this month - can pump a month's consumption in 10 days.

In a separate development, the announcement that Mr Tom Moyana, Secretary for Economic Planning, will take over as new secretary of the unified Ministry of Finance, Economic Planning and Development, marks the second major change in Zimbabwe's economic management team in two months.

Early last month, Dr Kumbo Moyana was appointed as the governor of the Reserve Bank of Zimbabwe, while Mr Mswaka replaces Mr Brian Walters, who has been Secretary for Finance since 1981.

Half of Syria's budget goes on defence

By Our Beirut Correspondent

THE SYRIAN Government has allocated 54 per cent of its budget for this year to defence amid signs that this Arab country is stepping up its armaments.

Mr Hamdi al Saja, the Syrian Finance Minister, said in his budget report this weekend to the Syrian parliament, known as the "people's council", that a total of 10,053bn Syrian pounds (\$2.6bn) went to the Ministry of Defence to secure what he called "the requirements of the Syrian forces in their heroic confrontation of Israeli aggression."

The total state budget figures were given by the minister as \$4.6bn. The budget figures were quoted by Damascus Radio monitored in Beirut.

The budget and its emphasis on defence had been laid down at a week-long meeting earlier this month by the 75-member central committee of the ruling Baath party under President Hafez Assad.

The budget announcement coincided with an article in *Al-Thaqat*, the Syrian government daily newspaper, confirming that Syria has acquired new surface-to-air missiles from the Soviet Union. The newspaper was alluding to the long-range SA-5 missiles which have a range of between 150 and 180 miles and which will at an initial stage be operated by Soviet military crews. President Assad on Saturday sent General Hikmat Chahhal, his chief of staff, to Saudi Arabia with a message for King Fahd. The contents of the letter were not disclosed but Syria is known to be seeking additional financial assistance from oil-rich Arab countries for its new armament programmes, launched in the wake of the war with Israel in Lebanon.

From Darwin to Wagga Wagga.



Johnnie Walker Red Label
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Final end to Polish martial law in sight

BY CHRISTOPHER BOBINSKI IN WARSAW

MARTIAL LAW in Poland could finally be lifted by the middle of this year, according to Mr Tadeusz Porebski, a Politburo member and the First Secretary in Wroclaw in the south west of the country.

Speaking last week at the Pawlacy locomotive works in Wroclaw, Mr Porebski said that martial law would be lifted "by the middle of this year, the earliest and the latest if the country is calm," according to the *Gazeta Robotnicza*, the local party paper.

Martial law is at present suspended and its lifting would return Poland to a state of East European normalcy, reducing the role of the military in political and economic affairs. It would mean, among other things, the lifting of additional censorship restrictions and the

extra limits now imposed on labour rights in key industries and on workers' self management.

Mr Porebski also dismissed speculation that the Pope might not be allowed to come as planned on June 18. He revealed that the church and state had already agreed that a formal invitation would be sent to the Vatican in March.

The authorities will no doubt seek guarantees that the Pope's visit, with its accompanying crowds, will not destabilise the political situation. The Church, with an eye on the Vatican's relations with the Soviet Union, will no doubt want to see the authorities' mind at rest on this issue.

However, the Church will want assurances that restrictions

are being eased and that the prisons are being emptied of the 1,000 or so detainees sentenced under martial law regulations. If martial law was lifted in June, as suggested by Mr Porebski, this would nearly go a long way to satisfying the Church.

Gazeta Robotnicza also reported Mr Porebski answering questions on Zom, riot police beating innocent people during last year's demonstrations in Wroclaw. "They are people like us, some better, some worse, some more and some less excitable. If anyone has any illusions that the police use kid gloves anywhere in the world then they are mistaken," Mr Porebski said. "In any case, as far as I know a hundred or so have been dismissed," he said of the police

force. Reuter adds from Warsaw: Poland is planning 12 per cent price rises on gas, electricity, coal, cigarettes, petrol, coffee, and some kinds of fish, the *Warsaw daily newspaper Zycia Warszawy* said yesterday.

Apartment rents would go up by 100 per cent and alcohol by more than 12 per cent under a plan aimed at reducing an inflationary surplus of 450bn zloties (\$3.3bn), for which there were no goods on the shelves, the newspaper said. Workers and other groups would be consulted about the rises before they were introduced. Mr Zdzislaw Krasinski, the Prices Minister, said the increase in the price of alcohol, due at the end of this month, should deduct 50bn zloties from the surplus.

Soviet overseas aid 'drain on resources'

BY OUR FOREIGN STAFF

MOSCOW'S aid to its client states in the developing world has become a significant drain on the Soviet Union's limited resources, according to a Nato study.

Economic aid and arms deliveries to 11 Communist or Communist-inspired governments amounted to nearly \$6.2bn in 1980 - half going to Cuba alone - or 2.8 per cent of the total, while the rest was in the form of project assistance, commodity subsidies and financial aid.

Relationships between Moscow and its developing-world clients would come under increasing pressure as the need for economic assistance grew, says the report.

Nevertheless, it says, Moscow's will to impose sacrifices at home in return for political gains abroad should not be ignored.

The study coincides with the publication of a report by the Soviet Central Statistics Board that industrial output rose by 2.8 per cent last year, compared to a targeted 4.7 per cent. This is the lowest increase since the Second World War.

National income - the main growth indicator in Communist

economies - rose 2.5 per cent over the same period. Western economists say the Soviet economy may have reached a near zero real growth rate because the Board's figures take no account of inflation.

The survey showed that the Soviet Union failed to meet government targets in most key sectors apart from energy, where gas production reached 501bn cubic metres - 7.7 per cent more than 1981. Oil output totalled 613m tonnes, 4m tonnes more than the previous year.

an apparent reference to the Reagan Administration, he added: "Peace cannot be saved by martial statements. Peace must be saved through serious negotiation."

The U.S. and Moscow are shortly resuming talks in Geneva on reducing both long-range and European-based nuclear weapons.

Reuter

European Socialists call for 'serious arms talks'

PARIS - Leaders of seven non-Communist left-wing govern-

ments today urged the Soviet Union and the U.S. to negotiate seriously on arms reduction, and called for co-ordinated efforts towards economic revival.

The Government chiefs made their call at a meeting organised by France's ruling Socialist Party

and attended by the Prime Ministers of Spain, Greece, Sweden, Finland and Senegal, as well as by Austria's Chancellor Bruno Kreisky.

On the defence issue, France was alone among these governments represented at the meeting in its strong support for the Nato decision to deploy new medium-range missiles if Moscow

fails to dismantle all its own SS-20 and intermediate range missiles.

Sweden's Prime Minister, Mr Olof Palme, who returned to power last November, said no one could win a nuclear war.

"The Western countries must ask themselves very seriously if the Soviets are prepared for serious negotiations for serious disarmament," Mr Palme said. In

Agreement on fisheries pact likely tomorrow

BY LARRY KLINGER IN BRUSSELS

EUROPEAN Commission officials are confident that full agreement will be reached tomorrow on a common fisheries policy (CFP) to embrace all the EEC's member-states and lay down the basic rules to govern European Community fishing into the next century.

Following visits by Commission officials to the EEC's main fishing countries, including Britain, it is hoped Council of Fisheries Ministers will speedily approve the compromise measures hammered out in Bonn last week and accepted by the Danish Government and its parliamentary opposition.

Reaching their final text of the compromise has been studied, no member-state has rejected out of hand any of the proposed measures.

It was also thought that EEC Foreign Ministers, meeting in Brussels today, might formally give their backing to the compromise ahead of, or parallel with, the Fisheries Council. "This would please Herr Hans Dietrich Genscher, West Germany's Foreign Minister, who as president of the EEC Council of Ministers, launched and chaired the round of emergency talks between Denmark and the Commission that produced the current compromise."

The new centre-right West German Government is anxious to demonstrate, in as many spheres as possible, that it is acting effectively on the international stage before the German elections set for March.

A fisheries agreement would be a major coup. It would remove a potentially protracted and bitter dispute between the German Government and the Commission. The minority Danish Government was prevented by its parliamentary committee on EEC affairs from accepting a final compromise at the end of last year.

Details of the compromise have not been made known officially, but it now appears that proposed future commitments are on offer to secure Danish quotas for cod and mackerel for a longer period than the more temporary arrangements proposed at the end of the year.

This compromise, Commission officials believe, not only has met Denmark's main requests but satisfies the other member-states. mentioned by Sr Gonzalez included an annualised inflation rate of 15.4 per cent at the end of November, against 14.4 per cent in 1981 and a jobless total at the end of December of 2.15m or 15.5 per cent of the labour force.

Unemployment remained the Government's chief priority and Sr Gonzalez restated an election promise to create 800,000 new jobs in the next four-year mandate. "1983 will be difficult," Sr Gonzalez said, "but 1984 will show an improvement and 1985 and 1986 will be better still."

Shultz to face discrimination charges in Peking visit

BY TONY WALKER IN PEKING

ALLEGED economic and trade discrimination by the U.S. against China and foreign policy disputes will be raised in Peking next month during the visit of Mr George Shultz, U.S. Secretary of State.

Outlining topics to be discussed, a commentator in the latest edition of the official magazine, *Peking Review*, denied, however, that China wanted to distance itself equally from the U.S. and the Soviet Union.

The Chinese, the magazine said, based their position on their "judgment of the world situation rather than what is called equidistant diplomacy." Since the middle of last year, it has been apparent to most observers in Peking that China

has sought to steer a more even-handed course between the superpowers, handing out criticism of their respective activities in more or less equal measure.

American officials have complained recently about Chinese criticism of U.S. "hegemonist" activities. Mr John R. Edgar, Assistant Secretary of State for East Asia, told U.S. businessmen in New York last month the U.S. expected "better from the Chinese than being lumped together with the Soviets as the cause of all the world's ills."

In the period after the normalisation of Sino-U.S. relations in 1979, China sought closer strategic cooperation with Washington, but abandoned this policy after difficulties emerged

over continued American arms sales to Taiwan.

"China has no intention of balancing the scales between the United States and the Soviet Union. We are against whoever seeks hegemony, be it the United States or the Soviet Union," the magazine said.

Trade disputes likely to be raised with Mr Shultz on his visit between February 2 and 6, include the U.S. decision to declare unilateral restrictions on Chinese textile imports.

On his recent African tour, Zhao Ziyang, the Chinese Premier, expressed support for liberation organisations in Southern Africa in what he described as their "just struggle against racial discrimination."

Meanwhile, the latest edition of the authoritative fortnightly magazine, *World Affairs*, has sharply criticised Moscow over its recent attack on China's position on the Sino-Soviet border dispute.

The criticism of China's border claim was made in a Soviet publication, the *New Times*, and surprised observers because Moscow has been careful in recent months not to give offence to Peking in its efforts to improve relations.

Numerous indisputable and historical data and facts have

Faulty parts found in U.S. nuclear facilities

By Anatole Kaletsky in Washington

THE SAFETY of several U.S. nuclear facilities could be in jeopardy as a result of sub-standard steel pipes and fittings fraudulently supplied during 19 years by a New Jersey wholesaler, it was reported yesterday.

The Nuclear Regulatory Commission (NRC) plans to send out a notice to all U.S. utilities this week seeking their help in tracing hundreds of steel components which may have been used in the cooling systems of nuclear reactors.

To date faulty components have been discovered in two nuclear facilities in Virginia and South Carolina. At least four others are regarded as probable users of the sub-standard fittings, which are incapable of withstanding the pressures they are rated to withstand. In one case the NRC is believed to have found that a pipe rated for 8,000 lbs of pressure actually held only 150 lbs according to a report published yesterday in the *New York Times*.

The sub-standard pipes first came to the NRC's attention last month, when they were incorporated, a New Jersey steel wholesaler, pleaded guilty to 10 charges of mail and wire fraud between 1969 and 1979. The charges involved "misleadingly representing" the sale of steel fittings.

About 10 per cent of Miller's customers may have been involved in the nuclear industry, the NRC believes. The Justice Department, which has been investigating Miller since last summer, did not inform the NRC of its suspicions until the case was closed last month.

The charges involved "misleadingly representing" the sale of steel fittings.

However, the case has raised serious questions about the NRC's ability to prevent and detect safety defects in the construction of nuclear facilities and about co-operation between Government agencies, said Mr Richard Ottiger, chairman of the House of Representatives' nuclear safety sub-committee.

Argentina arms ban may be lifted

The U.S. is seriously considering lifting its ban on arms sales to Argentina, which has lifted a similar embargo against Chile, the *New York Times* reported yesterday. Reuter reports from New York.

It quoted two U.S. Congressmen as saying that a visit to Argentina by President Reagan seemed to have gained favour in the Reagan Administration.

Benin shuts door on Ghanaian aliens

Benin opened its borders yesterday to most West Africans ordering out of Nigeria as illegal aliens, but was still refusing admittance to Ghanaians, by far the biggest group involved, Benin police said. Reuter reports from Ibadan, Nigeria.

The decision means that, for the moment, the great majority of the Chinese, Ghanaians and Nigerians are trapped in Nigeria.

Dog in 4-year trek to find master

A dog named Vanya wandered more than 1,100 miles across Russia in a trek lasting nearly four years to find her master, the Soviet news agency Tass reported yesterday. Reuter reports from Moscow.

It said that Vanya, a German Shepherd dog, had been left behind with friends by her owner when he moved from the town of Kuybyshev to Moscow by helicopter. The dog broke her chain and ran away in April 1979 and began a trek which took her the width of Europe.

The owner said he was walking home one night in Moscow when he saw a "skinny, mangy dog" which was standing and staring at him with big eyes. The dog followed him to his flat and it was only there that he recognised her as his missing pet.

Envoy optimistic on Afghanistan

Sr Diego Cordovez, the UN top negotiator on Afghanistan, said yesterday he is "optimistic" a political solution to the Afghan crisis can be found, AP reports from Islamabad.

Sr Cordovez, continuing a UN initiative started last year, said he is carrying a "good package of proposals" to put before the leaders of Iran, Pakistan and Afghanistan.

The UN envoy, who flew direct from Tehran, described his talks with Iranian leaders as "useful and constructive." He did not elaborate. He continues on to Kabul.

Shultz to face discrimination charges in Peking visit

ALLEGED economic and trade discrimination by the U.S. against China and foreign policy disputes will be raised in Peking next month during the visit of Mr George Shultz, U.S. Secretary of State.

Outlining topics to be discussed, a commentator in the latest edition of the official magazine, *Peking Review*, denied, however, that China wanted to distance itself equally from the U.S. and the Soviet Union.

The Chinese, the magazine said, based their position on their "judgment of the world situation rather than what is called equidistant diplomacy." Since the middle of last year, it has been apparent to most observers in Peking that China

has sought to steer a more even-handed course between the superpowers, handing out criticism of their respective activities in more or less equal measure.

American officials have complained recently about Chinese criticism of U.S. "hegemonist" activities. Mr John R. Edgar, Assistant Secretary of State for East Asia, told U.S. businessmen in New York last month the U.S. expected "better from the Chinese than being lumped together with the Soviets as the cause of all the world's ills."

In the period after the normalisation of Sino-U.S. relations in 1979, China sought closer strategic cooperation with Washington, but abandoned this policy after difficulties emerged

over continued American arms sales to Taiwan.

"China has no intention of balancing the scales between the United States and the Soviet Union. We are against whoever seeks hegemony, be it the United States or the Soviet Union," the magazine said.

Trade disputes likely to be raised with Mr Shultz on his visit between February 2 and 6, include the U.S. decision to declare unilateral restrictions on Chinese textile imports.

The criticism of China's border claim was made in a Soviet publication, the *New Times*, and surprised observers because Moscow has been careful in recent months not to give offence to Peking in its efforts to improve relations.

Numerous indisputable and historical data and facts have

Major boost seen in East Bloc's trade with West

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

MR YURI ANDOPOV'S desire to revive Soviet economic growth and reduced debt service costs for East European countries are among the factors pointing to "a major boost" in East-West trade this year from its depressed 1982 level, according to Wharton Economics.

Soviet exports to the developed West will grow by nearly 3 per cent in 1983 and those of Eastern Europe by 8.5 per cent, the U.S.-based research group forecasts. The rise in their imports from the West will be more dramatic. The Soviet Union may buy 18 per cent more than it did in 1982 and Eastern Europe nearly 15 per cent more.

Wharton admits its East European export projection is high, considering its assumption that OECD economies will only show a weak recovery in demand this year. But it believes Polish exports will start to grow again slightly, and that the rest of East Europe will continue its aggressive export push.

The Soviet Union can afford to let import growth outstrip export growth to a far greater degree than its East European partners because it is still credit worthy in the West. Having pushed themselves into a collective hard currency trade surplus of \$4.4bn last year, the six East European countries are now in a position to use the "savings" from lower interest rates on their debt to import more goods from the West, the Wharton study says.

For several months Wharton studies have drawn attention to the turnaround in East Europe's trade balance, though achieved mainly by swinging import cuts. Its latest report says: "We anticipate that in 1983 western bankers and government lending officials will come to realise the enormous external economic adjustment in Eastern Europe over the past two years," with the result that lending to East Europe will resume this year, even if there is no net increase in loans.

Tokyo move on cigarette sales

TOKYO — Japan's cigarette monopoly, under pressure in its home market to allow more sales of foreign cigarettes and other tobacco products, is planning a counter-offensive.

Japan Tobacco and Salt Public Corporation plans to establish a private-sector subsidiary during fiscal 1983 beginning April 1 to market its brands of cigarettes overseas, an official of the Government-established monopoly said Friday.

The official said the new company is to be capitalised at ¥500m (£15m). Other details of the company, such as which countries' markets it will seek to enter and how many employees it will have, will be decided later.

It is believed that the new company will focus its marketing efforts on Southeast Asia and China. Large numbers of overseas Japanese residents there will provide a base for sales of the company's various brands of cigarettes.

AP-DJ

Hitachi disc move to Europe

By Charles Smith in Tokyo

HITACHI is developing a new video disc player for introduction into western European markets, it said at the weekend. The company plans to launch the player when it considers that the availability of CED discs has reached the point needed to support demand for players at an "adequate" level.

The CED (Capacitance Electronics Disc) video disc system, known in other markets as SelectaVision, was originally developed by RCA of the U.S. Hitachi has been producing CED players for the U.S. market for nearly two years and is at present manufacturing about 2,000 units per month.

Hitachi has also manufactured LaserVision players (based on the system originally developed by Philips of the Netherlands and introduced into Japan by Pioneer) on a limited scale and for industrial use only. About 200 LaserVision players have been supplied to Nissan for use in Nissan car showrooms.

Businessmen fear Britain may lose reconstruction orders, writes Paul Cheeseright

Pressure grows for Lebanon aid package

THE UK Government is about to come under mounting pressure from British businessmen to provide a credits and aid package for Lebanon.

Without such a package, the commitment to which would be contained in a protocol signed with the Lebanese Government, the businessmen fear that British industry might be crowded out of public sector contracts for the reconstruction of Lebanon.

Dr Mohammed Atallah, chairman of Lebanon's Council of Development and Reconstruction (CDR), last week told British industrialists assembled in Beirut by Schroeder Wagg, the London merchant bank that without a protocol, the UK is out of the market.

He wants the UK Government to sign a protocol committing £100m in guaranteed export credits. But he noted that the French Government had signed a protocol committing not only export credits, but state aid at an interest rate of 2.25 per cent repayable over 20 years.

France has evidently committed FFrs 610m (£87.5m) and negotiations are taking place to bring this total up to FFrs 1bn. The CDR is conceived as a super planning agency with executive powers, including that of negotiating with foreign governments.

Dr Atallah wants the protocol, he explained, to assist further planning. But the more protocols he can sign, the greater the credibility which can accrue to a Government whose writ scarcely runs outside Beirut.

Lebanon's Council of Development and Reconstruction wants the UK Government to sign a protocol committing £100m in guaranteed export credits. France has evidently so far committed FFrs 610m and negotiations are taking place to bring this total up to FFrs 1bn (£94.3m).

Beirut and to an agency whose work is handicapped by lack of security in the country at large.

The British businessmen are likely to tell the Government that with world markets so sluggish they should not be handicapped in a market which could see the spending of £10bn over the next nine years.

This figure is Dr Atallah's estimate of the cost of Lebanon's reconstruction after eight years of war and foreign occupation. Probably, too, it will be argued that the UK Government should translate its symbolic political support for the Lebanese Government, signified by the despatch of 80 men to the international peacekeeping force, into practical economic measures which would benefit British business.

The demands of industry will be thrown into the centre of a Whitehall debate about the cost of official support for trade and the use of aid to attain commercial ends.

But the demands will also call into question the mechanics of government support for exporters, covering official agreements, export credits and the use of aid funds.

Government - to government agreements covering trading links are not unusual. The UK has them with the Soviet Union and East European countries.

The UK Government has also been prepared to sign more specific agreements covering future co-operation with potential buying countries linked to particular industries and identified projects. It has done this with Brazil on energy matters, for example.

In the Lebanese case, however, the commitment to provide export credits would be linked not to any assurance that British companies would win orders, but simply to a list of areas and sectors in which British companies are likely to be interested.

The only clear precedent for this in recent times has been a line of credit for Malaysia, signed two years ago, which combined export credits with aid funds to provide finance at a net concessional rate of interest to future Malaysian customers. But the British position on aid for Lebanon is confused and the use of export credits is presently restricted.

The UK has provided \$4m of relief aid for Lebanon. The

Overseas Development Administration (ODA) said ten days ago that it had agreed to provide reconstruction aid, but no amount had been decided and it was awaiting word from Beirut following the Lebanese Government's consideration of a World Bank report on reconstruction.

But the Department of Trade has told businessmen that aid for Lebanon is unlikely to be forthcoming.

There is a further difficulty. The favoured technique of supporting British business to maintain a competitive position through the use of aid is through the aid/trade provision in the ODA budget. But this is linked to particular orders and not to general commitments.

At the same time, according to Dr Atallah's request would mean a change in the present policy of the Export Credits Guarantee Department (ECGD).

The ECGD is at the moment providing cover for British exports to Lebanon involving up to 180 days credit, thus largely restricting trade to consumer goods. But if British companies take place in any reconstruction programme, ECGD would have to cover credit deals running up to 81 years.

Increasingly vulnerable financially and paying compensation at record rates to exporters hurt by the non-payment of foreign business debts—£200m in the six months to October—the ECGD is adopting a very cautious view of unstable Lebanon. However, any commitment on

guaranteed credits for Lebanon's public sector reconstruction is unlikely to be activated for at least a year. Businessmen think that is an optimistic minimum for the security situation to improve and for contracts to be negotiated.

But the ECGD's caution is certainly partially linked to the Whitehall debate about the cost of export support. The largest element of this is money, provided by the Treasury and channelled through ECGD, to subsidise the interest rates on credits offered to developing nations.

This reached £587m in the last financial year and could run at about £400m during the current year. The decline follows the closer alignment of commercial interest rates with those offered to buyers in line with internationally agreed guidelines.

Despite Treasury reluctance to continue spending at this rate, businessmen wailing work in the Lebanese reconstruction market will doubtless point out that even if the UK Government is coy about meeting Lebanese Government demands, there are plenty of other countries ready to step in.

In addition to the French commitment to Lebanon and an Italian promise of funds, Dr Atallah said that the U.S. is supplementing its aid programme and six other countries are interested in protocols—Belgium, Canada, West Germany, Japan, South Korea and Switzerland.

Iata head warns of chaos on Pacific

SINGAPORE — Mr Kant Hammarstrand, director general of the International Air Transport Association (IATA), has warned airlines the Pacific route was getting overcrowded and they might suffer a "severe financial haemorrhage".

Mr Hammarstrand, in Singapore last week for a regional air navigation meeting, said that under present expansion plans by various airlines, passenger capacity between east Asia and the west coast of North America would more than double by the middle of this year.

If not halted, the situation would become chaotic and uncontrollable like the North Atlantic sector where severe competition had caused heavy losses to airlines, he said.

Airlines which have announced expansion plans across the Pacific include the United Airlines of the U.S., Japan Airlines, Hong Kong's Cathay Pacific, Singapore Airlines and Philippine Air Lines.

Mr Hammarstrand said it would be in their own interests to shelve or scale down their plans on the Pacific sector.

Mr Hammarstrand also expressed concern over protectionism in the aviation industry. Beiler

Spanish tourism shows increase

By Tom Burns in Madrid

JUST OVER 42m visitors entered Spain in 1982, an increase of 4.7 per cent on the previous year, setting a record in tourist figures for the second consecutive year, according to provisional figures issued by the Transport Ministry.

Income from tourism for the period January to November stood at \$6.6bn, an increase of 5.2 per cent over the same period in 1981.

The report showed that Britain had overtaken West Germany to occupy third place in the ranking of nationalities entering Spain behind France and Portugal. Some 4.8m Britons entered Spain in 1982, a 19 per cent increase on the previous year, against 4.7m West Germans, a 4.9 per cent increase. The figure for France was 10.8m, a 2 per cent rise.

SHIPPING REPORT

Market faces 'toughest year'

BY ANDREW FISHER, SHIPPING CORRESPONDENT

FORECASTS OF yet more gloom to come in the shipping market have been in no shortage over the past few weeks. But now Simpson Spence and Young, the London shipbrokers, adds to this, with the view that "this is probably going to be the toughest year in shipping for 50 years."

For freight rates to reach truly economic levels, it argued, they would in many cases have to fall to "treble." But it added: "There is no prospect of that happening in 1983."

Certainly, last week brought little cheer to the market. Denholm Coates reported on the

dry cargo side the rates were "still trying to edge ahead, but successes are few and far between."

The main improvement it noted was for grain cargoes from the U.S. Gulf to Japan at \$16.25 a ton. Last month, the rate was around \$15. But at the end of 1981, owners could obtain nearly \$18 and at the start of that year well over \$30 a ton.

Denholm also drew some encouragement from signs that more interest had emerged for time charter rather than spot business.

In its market review,

Simpson Spence and Young noted the continuing overcapacity due to new deliveries. Many new ships were efficient Panamax bulk carriers able to go through the Panama canal.

"But with current freight rates, they are showing a net loss of \$8,000-\$10,000 daily or some \$3.5m a year." The major bulk cargo, iron ore, suffered a drop in seaborne trade from 300m tonnes to 260m last year.

Total world seaborne trade in bulk commodities as opposed to general or containerised goods fell sharply last year, totalling just under 770m tonnes against 825m in 1981.

World Economic Indicators

UNEMPLOYMENT INDICES

| | | Dec. '82 | Nov. '82 | Oct. '82 | Dec. '81 |
|-------------|------|----------|-----------|-----------|----------|
| UK | 000s | 3,977.0 | 3,943.0 | 3,949.0 | 2,764.1 |
| | % | 13.3 | 13.2 | 13.1 | 11.7 |
| U.S. | 000s | 12,036.0 | 11,906.0 | 11,576.0 | 9,389.0 |
| | % | 10.8 | 10.7 | 10.5 | 8.5 |
| | | Nov. '82 | Oct. '82 | Sept. '82 | Nov. '81 |
| W. Germany | 000s | 2,038.2 | 1,920.0 | 1,820.0 | 1,490.0 |
| | % | 7.7 | 7.3 | 6.9 | 5.7 |
| France | 000s | 2,161.0 | 2,176.7 | 2,092.2 | 2,014.0 |
| | % | 9.5 | 9.4 | 8.9 | 8.9 |
| Italy | 000s | 2,513.4 | 2,467.7 | 2,426.7 | 2,137.0 |
| | % | 11.2 | 10.9 | 10.7 | 9.4 |
| Netherlands | 000s | 611.6 | 591.9 | 579.4 | 443.0 |
| | % | 11.4 | 11.1 | 10.8 | 8.5 |
| Belgium | 000s | 606.3 | 601.3 | 601.1 | 518.0 |
| | % | 14.9 | 14.8 | 14.8 | 12.8 |
| | | Oct. '82 | Sept. '82 | Aug. '82 | Oct. '81 |
| Japan | 000s | 1,390.0 | 1,340.0 | 1,300.0 | 1,230.0 |
| | % | 2.4 | 2.3 | 2.2 | 2.1 |

Source (except UK, U.S., Japan): Eurostat

CHANGE OF ADDRESS

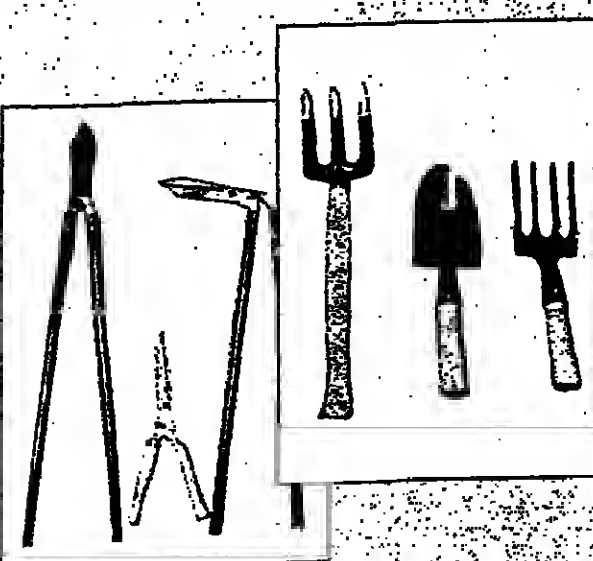
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NOTICE IS HEREBY GIVEN that as a result of a four-for-three stock split of the Guarantor's Common Stock, which was declared on December 9, 1982 for Stockholders of record January 3, 1983, and payable February 2, 1983, the conversion price of the 5% per cent. Guaranteed Convertible Bonds 1987 of American Medical International N.V. has been adjusted so that beginning January 4, 1983, said Bonds are convertible into shares of Common Stock of the Guarantor at the conversion price of \$20.22 per share of Common Stock.

Should you elect to convert your Bonds after January 4, 1983, and prior to February 2, 1983, be advised that all stock certificates will be issued at the new conversion price and will be available on the payable date of February 2, 1983.

Shares to be issued upon conversion of said Bonds may be sold during the interim period of January 4, 1983 and February 2, 1983 on a "when issued" basis.

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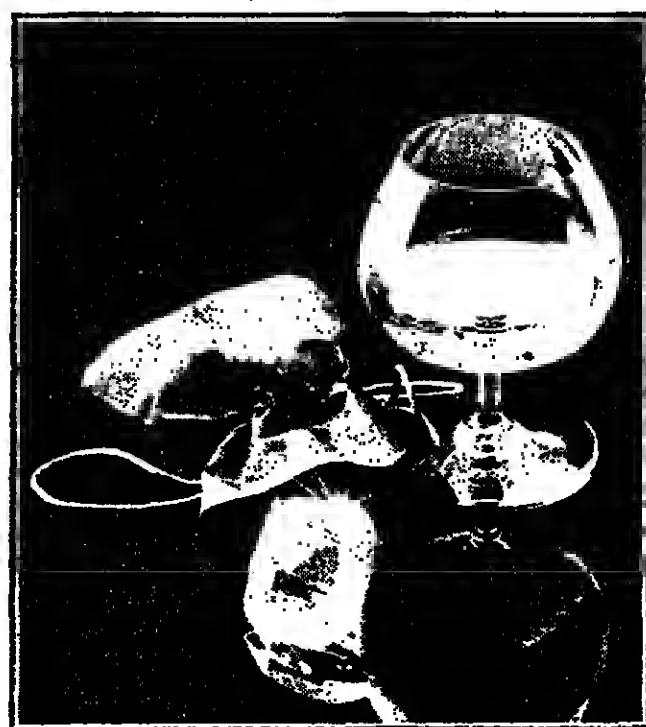
International Property Review

Every Friday the Financial Times publishes a detailed review of the activities in the UK and international property markets.

Specialist FT writers look at the background to the week's headline making news, profile leading personalities and examine trends in the property development market.

Similarly every Monday Financial Times journalists turn their attention to the building and engineering fields with particular emphasis on recently awarded British and international contracts, general industry news and feature articles on major developments in these important economic sectors.

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STATISTICAL TRENDS: AUSTRIA

Inflation, unemployment below OECD average

In common with nearly all OECD economies, Austria's growth rate in 1982 made a much weaker recovery than was originally expected. This year is unlikely to bring a sufficiently high growth rate to prevent unemployment rising further.

Inflation has fallen back, however, and remains lower than the OECD average, while the current balance position has improved. This is largely because of economic stagnation; any upturn is likely to pull in more imports.

Austria's comparative record on growth, inflation and unemployment has long been envied by other industrialised countries. The figures showing the 20-year change in employment and export structure reveal a shift from an economy in the 1950s depend-

ent on primary exports and agricultural employment now having the characteristics of an advanced economy. While unemployment has edged up over the past two years, it still remains under half the OECD average. This is partly due to a reduction in the foreign workforce from a peak of 226,000 in 1973 to a current 150,000. But there are business fears that preserving jobs to avoid disrupting the "social partnership" could lead to a decline in Austrian competitiveness.

Some restructuring has occurred, notably in steel, in an attempt to concentrate on areas of production where export demand is stronger. Investment and productivity growth have slowed, but are still comparatively good.

The link with the D-Mark is widely seen as a root cause of Austria's good inflation record. This link is one expression of the dependence of Austria on West Germany. In terms of merchandise, trade, and tourist receipts, which are very important in covering the trade deficit, West Germany is crucial to Austria's well-being. There has not been any marked shift in the relationship, despite Austrian attempts to diversify their markets. This dependence is particularly worrying at present in view of the depressed state of the German economy.

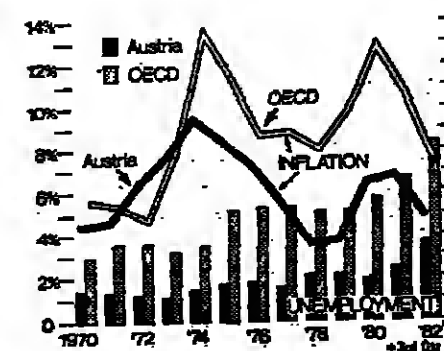
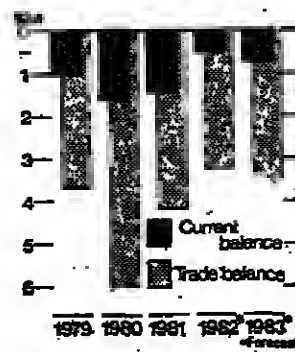
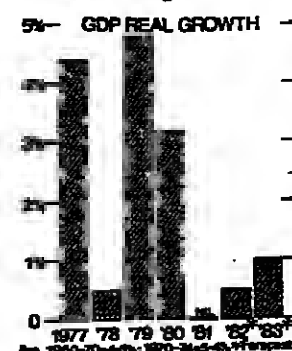
Regionally, Austria's disparities are less marked than in many countries, but in terms of unemployment rates, there are significant differences. The data on the role of the OIAG group of nationalised enterprises shows their importance, especially in exports and employment. If the companies controlled by the banks are also taken into account, 28 per cent of the industrial workforce is employed within this sector, and 30 per cent of the workers who work in plants of over 1,000 employees. But in terms of taxation and expenditure the Austrian state is closer to France and West Germany than to the very high spenders.

Trade with Eastern Europe has been more important to Austria than any other OECD country except Finland. But the growth of export markets in the East is now well below Austria's world average from being well above it in the early 1970s.

Exports to the East have been declining as a proportion of total trade. Austria in the past two years has had a rapidly increasing deficit with Comecon, largely due to rising fuel imports and stagnant demand for exports. About 60 per cent of imports from the Eastern Bloc are energy products, accounting for a sizeable chunk of Austria's energy needs.

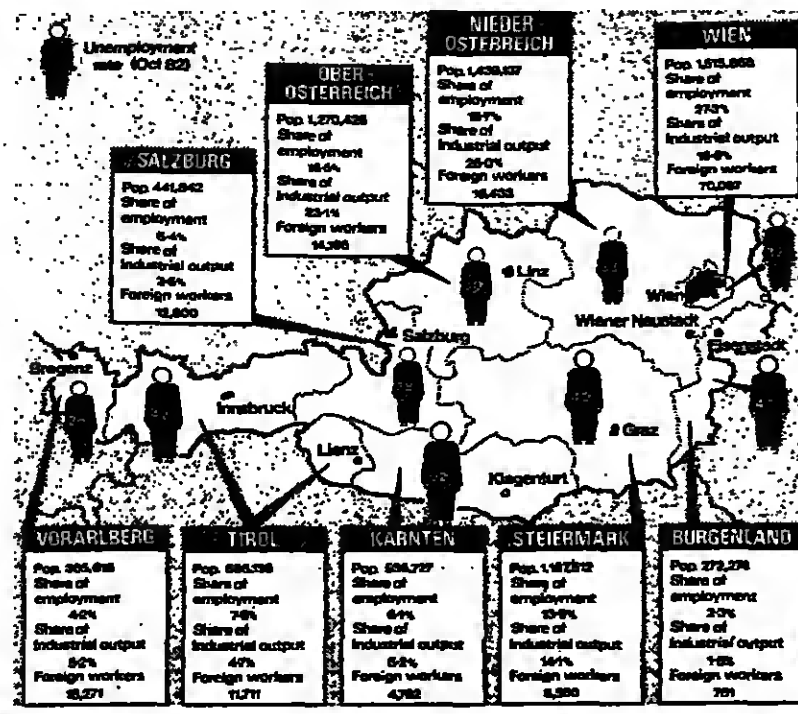
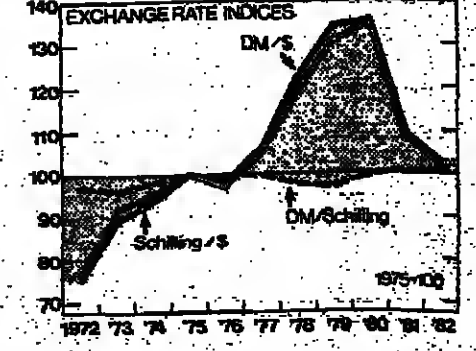
Austria's unique geographical position also accounts for the importance of its transit trade.

Economy



| INVESTMENT (% change) | | | |
|-----------------------|---------|---------|--|
| | 1960-73 | 1973-79 | |
| Real capital stock | 5.0 | 4.3 | |
| Capital per worker | 4.9 | 5.1 | |
| Real fixed capital | 6.4 | 1.3* | |

| PRODUCTIVITY (% change) | | | |
|-------------------------|---------|---------|--|
| | 1973-78 | 1978-82 | |
| Austria | 3.3 | 3.5 | |
| OECD | 2.4 | 3.0 | |

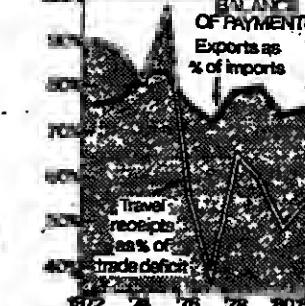


State

| ROLE OF STATE INDUSTRY (OIAG) | | | |
|--------------------------------|--------------|-------|--|
| | 1980 | 1981 | |
| Share of industry in GDP | 21.8 | 20.9 | |
| Value of production | Sch bn 492.1 | 525.0 | |
| OIAG production | Sch bn 110.7 | 120.8 | |
| Share of OIAG | 22.5 | 22.9 | |
| OIAG investment | Sch bn 9.2 | 7.5 | |
| Share in industrial investment | 22.4 | 19.3 | |
| OIAG exports | Sch bn 46.7 | 53.4 | |
| Share in total exports | 20.4 | 21.1 | |
| Employees in industry* | 760 | 604.9 | |
| OIAG share | 18.1 | 18.2 | |

| REVENUE & EXPENDITURE | | | |
|-----------------------|-------------------|-----------|-------------------------|
| | Taxes* (% of GDP) | OECD rank | Govt. income (% of GDP) |
| Austria | 49 | 4 | 48.5 |
| Norway | 58 | 1 | 49.4 |
| Sweden | 55 | 2 | 53.7 |
| Netherlands | 52 | 3 | 52.5 |
| France | 48 | 5 | 46.2 |
| Belgium | 48 | 6 | 51.7 |
| W. Germany | 44 | 7 | 46.9 |

Tourism



| TOURIST ARRIVALS AT HOTELS (By nationality %) | | | |
|---|---------|---------|---------|
| | 1977 | 1980 | 1981 |
| W. Germany | 53.0 | 54.5 | 55.8 |
| Netherlands | 6.9 | 8.1 | 8.3 |
| UK | 4.2 | 4.4 | 4.8 |
| France | 3.6 | 3.8 | 4.4 |
| Switzerland | 3.7 | 3.3 | 3.4 |
| U.S. | 6.0 | 5.3 | 4.1 |
| Belgium-Luxembourg | 2.7 | 2.9 | 3.0 |
| USSR & E. Europe | 1.6 | 2.0 | 2.2 |
| Total (000s) | 7,835.4 | 9,484.6 | 9,848.6 |

Trade

| TRADE WITH W. GERMANY | | | |
|-----------------------|----------------------|----------------------|----------------------|
| | Exports (% of total) | Imports (% of total) | Deficit (% of total) |
| 1978 | 29.1 | 43.3 | 33.8 |
| 1979 | 30.3 | 42.3 | 32.2 |
| 1980 | 30.8 | 40.8 | 31.5 |
| 1981 | 29.1 | 38.9 | 30.4 |
| 1982* | 29.5 | 40.4 | 31.1 |

TRADE DEVELOPMENT

| | USSR | E. Europe | World |
|-----------------------|------|-----------|-------|
| Export growth* | | | |
| 1965-70 | 7.2 | 8.9 | 12.3 |
| 1970-75 | 11.3 | 20.8 | 12.0 |
| 1975-80 | 11.4 | 2.7 | 11.4 |
| Import growth* | | | |
| 1965-70 | 8.4 | 7.9 | 11.0 |
| 1970-75 | 21.1 | 11.1 | 12.1 |
| 1975-80 | 19.8 | 9.5 | 14.1 |
| Trade balance bn Scht | | | |
| 1966-70 | +0.2 | +1.2 | -14.4 |
| 1971-75 | -1.0 | +3.1 | -32.0 |
| 1976-80 | -4.2 | +4.1 | -67.2 |

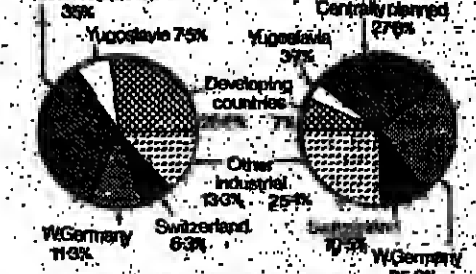
EXPORTS TO USSR & E. EUROPE

| | 1980 | 1981 | 1982* |
|-------------|------|------|-------|
| Austria | 12.0 | 11.5 | 10.4 |
| Finland | 19.8 | 24.4 | 27.9 |
| Turkey | 16.8 | 6.8 | 7.8 |
| Greece | 9.9 | 8.3 | 10.5 |
| OECD Europe | 4.0 | 3.8 | 3.5 |
| Total OECD | 3.4 | 3.2 | 3.2 |

IMPORTS FROM USSR & E. EUROPE, 1980

| | % of total imports | % of total imports of commodity group |
|-------------------|--------------------|---------------------------------------|
| Agricultural | 7.8 | 12.0 |
| Raw materials | 35.6 | 22.8 |
| Fuels | 57.2 | 25.9 |
| Finished goods | 19.1 | 2.4 |
| Chemical products | 5.7 | 6.0 |
| Manufactures | 7.4 | 3.8 |
| Machinery | 3.5 | 1.2 |
| Consumer goods | 2.4 | 1.6 |
| All goods | 100.0 | 9.7 |

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UK NEWS

Labour to seek 'planned trade' and weaker £

BY PETER RIDDELL, POLITICAL EDITOR

THE LABOUR PARTY will emphasise, in the run-up to the next general election, that a mixture of devaluation and protectionism is needed to reinforce reflation.

This was made clear in weekend comments by both Mr Michael Foot, the Labour leader, and Mr Peter Shore, the Shadow Chancellor of the Exchequer.

Labour leaders believe that by concentrating on the rise in unemployment under Mrs Margaret Thatcher's Conservative Government and on their proposals for creating jobs, the Conservatives' lead in the opinion polls can be reduced as the "Falklands factor" wanes.

In television interviews on Saturday and yesterday, Mr Shore indicated that a lower exchange rate for sterling was still a key part of Labour's programme. This is despite the controversy over the 30 per cent devaluation over two years assumed in the preferred programme he outlined last November.

Mr Shore said it was "an absolutely fundamental condition of the revival of the British economy that we have a realistic and competitive exchange rate. We have not got it yet, although I notice we have had a sensible depreciation of 12 per cent under Mrs Thatcher."



Mr Shore: 'sensible depreciation'

He was reluctant to be precise about any further depreciation. "What I cannot easily do is to see, without the full panoply of Government, what is precisely the figure I should seek to achieve."

Mr Shore agreed that the Confederation of British Industry's view of Britain as being still uncompetitive by about 20 per cent was "in the order of reality," though this is in terms of measures of relative unit labour costs, not of the pound itself.

It is clear, however, that the 30 per cent figure will not be repeated and it is now being treated as relevant to a computer simulation done

last year and out-of-date now.

Protection, an accompanying feature of Labour's programme, was stressed by Mr Foot in a speech in Glasgow. He argued that Labour believed in planning both production and trade and strongly indicated that this meant internationally co-ordinated reflation and trade planning.

Mr Foot said that "those countries which are prepared to restore growth to their economies must be able to prevent their plans being undermined by floods of imports. What we want is reflation protected by trade planning. In that way some of the economic growth will happen here and some growth in imports will occur. All countries will benefit, and the more countries participating the better."

Such protectionism has been a part of Labour's policy for some time, though devaluation has been given more emphasis by Mr Shore. Mr Shore is likely to have annoyed some Labour and trade union opponents of incomes policy by making it clear that moderation in pay rises would be an essential part of the overall bargain in the national economic assessment. He said he would keep his bargain if the unions kept theirs, otherwise his options would be reduced.

Pressure group split over Benn

By Kevin Brown

NEW DIVISIONS within the Labour Party will surface publicly this week at the annual conference of the Campaign for Labour Party Democracy (CLPD). The pressure group has organised the agitation for many of the party's constitutional reforms in the past two years.

Supporters of Mr Tony Benn, the left-wing Member of Parliament, will be seeking to gain control of the CLPD at the conference when a new executive committee will be elected.

A counter-attack began yesterday when rank and file opponents of Mr Benn began to try to maximise the vote against his candidates.

Mr Benn's critics within the CLPD accuse him of trying to turn the pressure group into a personal power base. There is also concern that the "Bennites" are being used as a cover by Trotskyists coming in to the CLPD from other groups on the Left.

The CLPD is already split by a row between the supporters of Mr Benn and others on the executive committee over Labour's attempted purge of the extreme left-wing Militant Tendency members.

The anti-Benn faction expect the result of vote at the conference (to be held on Saturday) to be close.

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Productivity deals fail to cut costs

BY PHILIP BASSETT, LABOUR CORRESPONDENT

SELF-FINANCING productivity deals have so far largely failed to cut costs, reduce inflation or increase output, according to a new government study.

The two-and-a-half year study, financed by the Department of Employment, amounts to an indictment of the emphasis on self-financing productivity arrangements by both the present Government and the previous Labour administration. It covers more than 1,000 managers, shop stewards and shopfloor workers in the period 1977-80.

"The basic aim of the government policy of encouraging self-financing productivity schemes was at least to hold down and preferably to reduce unit costs," says the report. But less than 2 per cent of schemes covered in the study even had this aim as their major objective. In only 13 per cent did management mention it as an objective at all.

Eleven per cent of companies running such schemes reported a reduction in costs. A further 9 per cent gave indications which suggested a probable reduction in costs. The study notes that "very few senior managers or sales managers saw the schemes as actually bringing about a decrease in price to the consumer."

Fewer than half the organisations studied claimed to have increased output as a result of productivity schemes. Very few organisations had even adapted their ac-

counting procedures to provide information by which the schemes could be monitored.

The study concludes: "From the point of view of a national economic policy directed towards reducing production costs and the rate of inflation, it must be concluded that the majority of those incentive payment schemes, as evaluated by management, were a failure."

Most schemes did not award only those wage increases justified by improved productivity. "A very high proportion of these organisations reported that one of their objectives in introducing the scheme had been to increase the earnings of their employees, and that they had succeeded in doing so."

The survey confirms the widespread belief that productivity schemes were brought in simply to get round the pay policy of the time. Companies were happy with their scheme "because it had enabled them to pay increased earnings during a period of incomes restraint."

A high proportion of organisations using the schemes to reduce manning succeeded in doing so; but the survey is sceptical about other more general suggestions about improved motivation or improved productivity.

"In a proportion of the cases there was no supporting evidence of improvements in economic indicators which would have substantiated the improvement."

Consultants form plans for plant closures

BY IAN RODGER

THE successful conclusion last week of a £20m voluntary rationalisation scheme in the UK general steel castings industry has confirmed the value of a new technique for bringing about orderly contraction in overcrowded manufacturing sectors.

It is the third such scheme to be negotiated in the past year - the others were in high alloy castings and steel wire drawing - and the consultants involved are already working on plans for other troubled industries.

"We've got proposals in a number of sectors," Mr Peter Grant, the director of Lazarus Brothers which handled the steel castings scheme, said.

The idea came from the knowledge in the castings industry that overall demand was not going to recover to early 1970s levels in the foreseeable future.

However, many of the smaller and weaker companies either refused to face the inevitable or simply could not afford the costs of closing their foundries.

The industry was thus faced with the prospect of prolonged overcapacity, cut-throat pricing and inadequate returns.

Two years ago, the castings trade association, Scrata, proposed a solu-

tion: certain number of foundries should be closed. Their owners (who would be called closers) should be compensated by those that continued (the openers).

Although this would be costly to the openers at a time when cash flows were weak, they could spread payments to the closers over a number of years.

Scrata discovered a provision in the 1970 Income and Corporation Tax Act which enabled the openers to deduct from taxable income any compensation paid to the closers.

Unfortunately, Scrata did not make much headway, largely because not all castings companies were members of it. It was then suggested that an independent consultant might be more successful, and Lazarus were appointed.

Mr Grant split the industry into two groups, those that made general castings and a far smaller group that made high alloy castings. Within a few months the high alloy scheme was completed and four of the 12 foundries involved closed last June.

Touche Ross were hired to try to negotiate a scheme for the bright bar sector and Deloitte, Haskins and Sells were working on another for narrow cold rolled steel strip. Later last summer, Touche Ross also took on the steel wire sector.

Investment fund urged

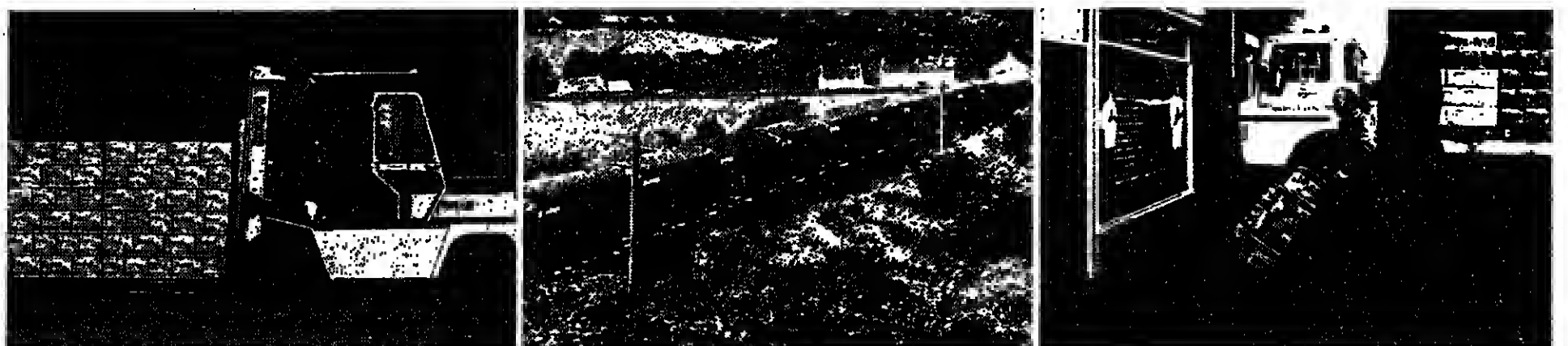
BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT is being urged to switch a substantial proportion of Britain's oil revenues into a national investment fund and an energy conservation programme.

Mr John Surrey, a leading energy research and senior fellow in Sussex University's science policy research unit, states that oil taxation revenues have been swallowed up

in current consumption, "thus shielding the taxpayer from the full social cost of industrial decline."

He argues, in the latest issue of Coal and Energy Quarterly, that a national investment fund should be established to finance profitable projects. He also proposes a conservation programme which would boost employment prospects.

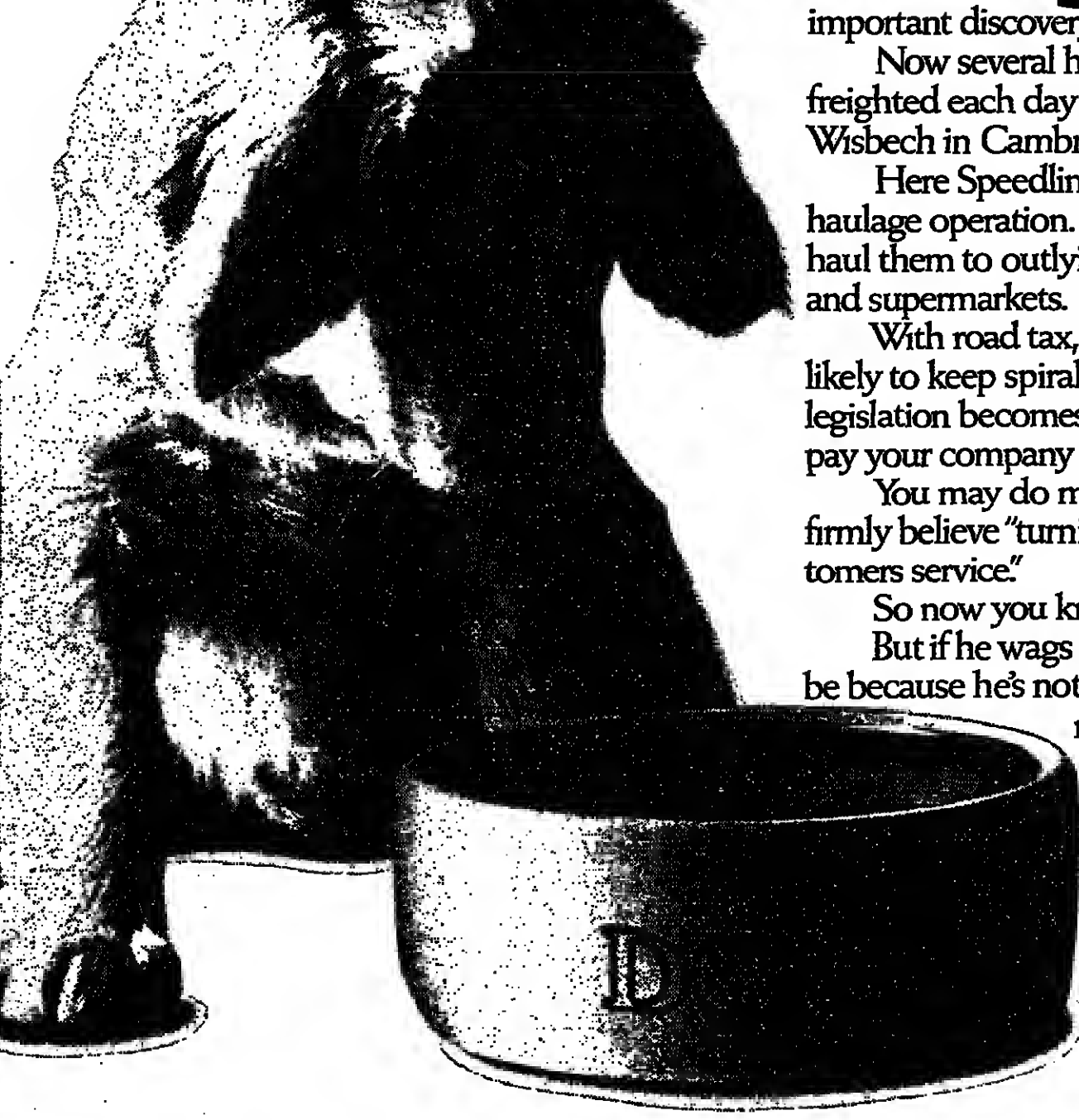


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UK NEWS

Chemical industry group breaks up

By Carla Rapoport
THE Petrochemical Society Working Party, one of the many labour-government-industry committees run under the auspices of the National Economic Development Office (NEDO) has collapsed amid bitter recriminations between industry and trade unionists.
The row highlights the tension in the heavily depressed petrochemical industry, where more sweeping job cuts and rationalisation are feared for this year.
The working party had not met for nearly 12 months. It included representatives from all the major UK chemical companies as well as union and government officials.
In the past, the working party addressed such issues as cheap imports, energy costs, productivity, employee commitments and other troubles facing the sector.
According to NEDO, Britain's chemical manufacturers would prefer to see petrochemical matters discussed within the main Chemical Economic Development Council, also a tripartite body comprised of senior managers and union officials.
The unions argue that the Chemical EDC, which meets only four times a year, does not have the capacity or time to deal with many of the pressing issues facing the industry. At a meeting of representatives of the unions last week, the Trades Union Congress (TUC) unanimously recommended that the sector working party, or an equivalent group, be re-established in light of the "current crisis in petrochemicals".
Trade unionists claim that industry has been dragging its heels on this issue because many of the companies are unclear about their UK strategy.

Thatcher to come under sharper attack on Falklands issue

BY PETER RIDDELL, POLITICAL EDITOR

MRS MARGARET THATCHER, the Prime Minister, is likely to face strong criticism in the House of Commons this week from opposition leaders about the Government's handling of the Falkland Islands issue before Argentina decided to invade the islands last April.
Labour and Social Democrat/ Liberal leaders are determined to try to counter any feeling that the Prime Minister has been exonerated by the report of the Franks Committee, published last Tuesday.
The committee, which was chaired by Lord Franks and had been appointed by the Government to investigate the handling of the Falklands issue, found that the Government could not be blamed for Argentina's decision to invade.
Many opposition politicians believe Mrs Thatcher was put under little pressure when making her House of Commons statement on the Franks report last week. They are keen to mount a sharper attack and are encouraged by the criticism in recent days.
Mrs Thatcher, who will open and close the debate, is expected to try to pre-empt her critics by announcing her response to the Franks committee's call for a shake-up of the Joint Intelligence Committee, which co-ordinates intelligence gathering in Whitehall. In particular, there is speculation about the appointment of an independent chairman who would not be a Foreign Office official.
Labour will press a vote on Wednesday evening. Its attack is likely to focus on weaknesses in the machinery for the assessment of intelligence.
Most politicians believe that Mrs Thatcher has emerged from the Franks report strengthened and her position will not be shaken by any criticism made during the debate.
Indeed, a NOP opinion poll published last week shows that 56 per cent of the electorate think that Mrs Thatcher came out of the Falklands episode with most credit.
The same poll shows, however, that 71 per cent of the public feel that the Government could have done more to prevent the invasion but misread the warnings.

Managers 'defect to rival union'

By Brian Groom, Labour Staff

THE LIVELY contest between major unions to recruit management and professional staff in the private sector flared into a row at the weekend, when the Association of Scientific, Technical and Managerial Staffs (ASTMS) announced it had acquired more than 2,000 members from a smaller rival.
The move, which is being welcomed by the Association of Management and Professional Staffs (AMPS), whose membership is mainly in the chemicals industry, ASTMS says it has won from AMPS a variety of scientists, technicians, professionals and managers in more than fifteen companies, including May & Baker, La Roche, Glaxo, Anchor Chemical, Seacoms, Roclax, Ciba-Geigy and Pisons Research.
Mr Roger Lyons, ASTMS national officer, said AMPS probably had more than about 3,500 members left, nearly all in Imperial Chemical Industries. Four former members of AMPS governing board were now with ASTMS.
The claims were described as a "total exaggeration" by Dr Maurice Gillard, executive secretary of AMPS. They were also attacked as "nothing like what ASTMS have described" by Mr Tom Rice, secretary of the Electrical and Engineering Staff Association (EESA), the staff section of Mr Frank Chapple's Electrical and Plumbing Trades Union (EPTU), which is in merger talks with AMPS.
Dr Gillard claimed that AMPS membership was 5,900, although he conceded that the May & Baker section of the 300 members had since resigned. Some Glaxo and La Roche members had also gone to ASTMS, he said, but not enough to jeopardise AMPS' recognition agreements there.
Mr Lyons said Dr Gillard was "out of touch with what had been happening in his organisation." He had seen documentary evidence that La Roche had terminated its national agreement with AMPS.
Large UK unions have stepped up efforts to recruit managers as their memberships in traditional areas have stagnated or fallen.

CEGB's evidence likely to continue without debate
Objectors bide their time

FINANCIAL TIMES REPORTER

SIR FRANK LAYFIELD, inspector for the inquiry into plans for building a U.S. style pressurised water reactor (PWR) at a nuclear power station on the east coast of Britain, directed that the Central Electricity Generating Board's (CEGB) evidence should be read in full. The CEGB should read their evidence "to give objectors a further opportunity to appreciate the contents".
The opportunity is being passed up, however, by all but a handful of the 4,000 registered objectors. The next six weeks are likely to see the CEGB finish its evidence without major debate on the issues surrounding the application to build the PWR.
The main objectors to the application, the Town and Country Planning Association (TCPA), the Council for the Protection of Rural England and the Friends of the Earth have made only brief appearances at the inquiry.
Copies of the proofs and daily transcripts are available free on request to objectors. Only the evidence already being allowed at this stage. Most objectors have evidently decided not to spend the first two months of the inquiry listening to the "readings".
Groups of demonstrators make brief appearances in the hall, and occasionally a class of college or school pupils sits alongside a handful of interested observers, witnesses or officials of the CEGB. The inquiry has not yet caught the imagination of the public.
The small attendance has surprised and disappointed some senior CEGB officials, who were expecting a turnout of the size attracted to the pre-inquiry meetings last year. But much of the evidence is technical, jargonised and clearly unintelligible to most people.
The fact that CEGB evidence is to be "taken as read" brought a claim of inequality last week from the TCPA. Sir Frank will reply to this claim.
Attempts were made this week by the Suffolk Preservation Society to persuade the inspector to order the release of confidential CEGB documents. These are reports to and minutes of full board meetings leading up to the choice of Sizewell as the site for Britain's first PWR.
The CEGB is opposing the release of these documents, saying evidence will be given on the coles of the site. But Sir Frank has asked for a list of questions which the Society believes the documents would answer.
Much of the past week has been taken up with a dismissal of re-

Liberals to appoint full-time fundraiser

THE BUDGET for the Liberal Party's central organisation is to be doubled to just over £300,000 for 1983 after a successful appeal to some wealthy individual supporters.
The resources will be mainly devoted to promotion and publicity. A new director of communications and a full-time professional fundraiser are to be appointed.
The budget is small compared to those of the two major political parties and is separate from the money needed to fight a general election.
Lower Irish fares
WEEKEND air fares between the UK and the Irish Republic will be cut by up to one third from February 5 to March 19 by British Airways and Aer Lingus. London to Dublin return will cost £55, instead of the present cheapest fare of £81.

Furnace restarts

The British Steel Corporation is restarting a small blast furnace at Cleveland which produces foundry pig iron and ferro-manganese.
The furnace was shut down last September so that excess capacity could be reduced. The 230 employees have been on short-time working and will return to full time this week.

Record failures

A RECORD number of UK companies went into liquidation in 1982, according to provisional figures from the Department of Trade.
A total of 12,639 companies failed, an increase of 40 per cent over 1981 and more than in any other year covered by the department's records.

Britoil discovery

BRITOL has identified an oil prospect in Scotland's Moray Firth, about 20 miles south of Wick. The well, drilled on block 12/21, did not confirm commercial quantities of oil but it is thought that Britoil will drill a further well to evaluate prospects.

Birmingham plans cut in vacant factory taxes

BY ANDREW TAYLOR

BIRMINGHAM city council is planning to exempt industrialists from paying rates (local property taxes) on redundant factories and warehouses for at least two years after they become vacant.
The council is shortly expected to vote in favour of the recommendation proposed by the local authority's management and finance committee. The scheme is expected to come into force from April 1 and will cost the council £750,000 a year.
Previously companies have been charged half rates on industrial premises from three months after they become vacant.
As a result, some of the region's hard-pressed industrialists have taken drastic measures to reduce their rate burden. A recent report by the Confederation of British Industry claimed that Rubery Owen Holdings had cut its rates bill by about £300,000 a year by removing roofs or demolishing about 500,000 sq ft of industrial space in the West Midlands.
Mr Neville Bosworth, leader of the Conservative-controlled council, said that in cases of exceptional hardship, companies would be able to apply for an extension of the rates exemption after two years.
"The levying of empty rates," he said, "has inhibited industrialists from moving to other premises for fear that they may have to pay charges on their existing buildings if these do not find new occupiers quickly."

Hoverspeed to consider deal

BY ANDREW FISHER, SHIPPING CORRESPONDENT

HOVERSPEED will decide in the next weeks whether to accept a 10 per cent shareholding from France in return for a large new hovercraft from SNCF, the French railway system.
The newly-merged hovercraft company, owned by British Rail and Sweden's Broström shipping group, had a rough time when it merged into the cross-Channel market just over a year ago. Its losses, however, resulted from the antiquated reservations system it inherited rather than from a lack of new business.
Hoverspeed aims this year to at least break even and hopefully move into the black. It also hopes to attract new private capital and develop into other leisure areas. But Hoverspeed will first have to develop a healthy profit record.
Attracting more business from continental travellers is also high on its list of priorities; most traffic is out of the UK. Hoverspeed has over a fifth of the cross-Channel market, but sees most future growth coming from northern Europe into Britain.
Mr John Cumberland, Hoverspeed's managing director, knew that running the new company would have its problems. But he said he wasn't expecting to have to put right the errors in reservations. It has taken Hoverspeed about a year to overhaul the system, whose inadequacies cost the company some £5m last year. New people have been employed and new equipment installed.
Opponents of hovercraft, have charged that they are too expensive to operate.
Certainly, the companies which were merged into Hoverspeed after

the go-ahead from the Monopolies and Mergers Commission found the going hard. Seaspeed, the BR company, made consistent losses and Hoverspeed, the Swedish-owned operator, slipped into the red in 1980.
Mr Cumberland thinks past management put too much emphasis on technology and not enough on the business side. Also, they ran too many flights, which meant volume was too widely spread to be profitable.
"Our strategy is to have a smaller fleet of larger craft rather than a larger fleet of small ones," he explains. "It's pure economics. We need fewer flights with more people per flight."
The impending decision over the possible French stake will be based on this strategy. The French hovercraft, worth about £25m-£30m, is big, modern and streamlined.

CONTRACTS AND TENDERS

INTERNATIONAL CALL FOR BIDS
ONATRA 1399 F2-29

THE DEPARTMENT OF TRANSPORT AND COMMUNICATIONS of the Republic of Zaïre, represented by the National Office of Road Transport, is seeking for international bids, under a project financed by the World Bank/IDA, Washington, the African Development Bank (ADB), ABIDJAN, and the Central Bank of Congo (CBB), for the supply of the following equipment:
Lot No. 1 Four 2.5-ton front-end loaders (to be procured in France)
Lot No. 2 Three three-axle machines for log handling
Lot No. 3 Three fire engines
Lot No. 4 A container gantry crane (45 tons under hook, 35 tons under spreader) on rails and a truck (to be procured in France)
Lot No. 5 Five front loaders (to be procured in France)
Lot No. 6 Eight road trailers for 20-ton containers and two road trailers for 40-ton containers (to be procured in France)
Participation is open to all technically qualified firms from member countries of the World Bank, the African Development Bank, the ADB, and the CBB. Bids should be submitted in French, for which only bids from French firms will be considered. Bids must be accompanied by a bank guarantee for the amount of the bid, and a copy of the bid must be submitted to the Office National des Transports, 200 Avenue de la République, Kinshasa, Zaïre, on or before 15.00 hours, Kinshasa time, on 15.00 hours, Kinshasa time.
The outside envelope shall bear no indication as to the identity of the bidder, but shall show, in addition to the above-mentioned data, the number and title of the lot concerned. Bids may also be submitted to the President of the Commission at the beginning of the bid opening meeting. The public bid opening, which the bidders are at liberty to attend, shall take place in the Conference Room of the Director General, ONATRA, 200 Avenue de la République, Kinshasa, Zaïre, on 15.00 hours, Kinshasa time.

LATCHMERE LEISURE CENTRE

Wandsworth Borough Council is inviting tenders for the management of this facility which is currently under construction and scheduled for completion in April 1983. The Centre consists of a free-form layout pool, a play area with water machine and dry and wet areas, a teaching pool, an area for a changing room, a parking area, an additional, plant site approved for an open air stage, a 20 x 20 metre sports hall, a multi-purpose hall, and an area for bar and clubroom facilities which will commence in August this year.
Any firm which has experience in the management of recreation facilities and wishes to be considered for inclusion on the Council's list of approved tenders for this work is asked to make an application by Tuesday 15.00 hours, giving details of the following:
a) Length and details of relevant experience together with two independent references.
b) Names and addresses of bankers from whom financial references can be obtained.
Applications should be sent to L. T. Garrett, Director of Recreation, Wandsworth Borough Council, Wandsworth Town Hall, London SW18 2PU, telephone 01-874 8664, ext. 280 from whom plans and further details are available.

BOND DRAWINGS

REDEMPTION
15th February, 1983
SLOUGH ESTATES LUXEMBOURG S.A.
U.S.\$12,000,000 8 1/2 PER CENT 15 YEAR GUARANTEED LOAN 15/2/84
DRAWING OF BONDS

NOTICE IS HEREBY GIVEN that a drawing of bonds of the above loan took place on 15th February, 1983, at the offices of Messrs. J. & W. Walker, 15, Abchurch Lane, London EC4N 3DF, for the redemption of U.S.\$12,000,000 of the above loan. The balance of the redemption proceeds has been placed in the margin of the following table. The names of the bondholders are as follows:

| | | | | | | | | | |
|------|------|------|------|------|------|------|------|------|------|
| 81 | 84 | 86 | 108 | 104 | 116 | 132 | 166 | 202 | 207 |
| 181 | 261 | 281 | 321 | 341 | 407 | 427 | 467 | 507 | 513 |
| 581 | 599 | 587 | 589 | 601 | 702 | 719 | 748 | 754 | 760 |
| 1061 | 1063 | 1065 | 1067 | 1069 | 1071 | 1073 | 1075 | 1077 | 1079 |
| 1112 | 1117 | 1120 | 1158 | 1168 | 1172 | 1175 | 1515 | 1523 | 1526 |
| 1561 | 1563 | 1565 | 1567 | 1569 | 1571 | 1573 | 1575 | 1577 | 1579 |
| 1661 | 1663 | 1665 | 1667 | 1669 | 1671 | 1673 | 1675 | 1677 | 1679 |
| 1710 | 1732 | 1938 | 1948 | 1960 | 1976 | 2063 | 2067 | 2068 | 2097 |
| 2201 | 2203 | 2205 | 2207 | 2209 | 2211 | 2213 | 2215 | 2217 | 2219 |
| 2461 | 2463 | 2477 | 2488 | 2484 | 2495 | 2823 | 2826 | 2643 | 2648 |
| 2817 | 2814 | 2819 | 2820 | 2821 | 2822 | 2823 | 2824 | 2825 | 2826 |
| 3027 | 3079 | 2978 | 1964 | 2984 | 3018 | 3017 | 3019 | 3019 | 3024 |
| 3147 | 3148 | 3149 | 3150 | 3151 | 3152 | 3153 | 3154 | 3155 | 3156 |
| 3522 | 3528 | 3537 | 3562 | 3566 | 3578 | 3588 | 3596 | 3713 | 3718 |
| 3817 | 3819 | 3820 | 3821 | 3822 | 3823 | 3824 | 3825 | 3826 | 3827 |
| 4077 | 4086 | 4108 | 4122 | 4133 | 4144 | 4193 | 4198 | 4233 | 4247 |
| 4607 | 4606 | 4617 | 4612 | 4641 | 4648 | 4687 | 4688 | 4698 | 4707 |
| 4951 | 4955 | 4959 | 4972 | 4975 | 4987 | 4997 | 4998 | 4726 | 4733 |
| 5001 | 5004 | 5007 | 5012 | 5015 | 5018 | 5023 | 5026 | 5029 | 5034 |
| 5231 | 5293 | 5468 | 1242 | 5427 | 5507 | 5578 | 5588 | 5838 | 5894 |
| 5907 | 5910 | 5911 | 5912 | 5913 | 5914 | 5915 | 5916 | 5917 | 5918 |
| 5919 | 5920 | 5921 | 5922 | 5923 | 5924 | 5925 | 5926 | 5927 | 5928 |
| 5929 | 5930 | 5931 | 5932 | 5933 | 5934 | 5935 | 5936 | 5937 | 5938 |
| 5939 | 5940 | 5941 | 5942 | 5943 | 5944 | 5945 | 5946 | 5947 | 5948 |
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BUILDING AND CIVIL ENGINEERING

Stan Clarke comes to town

IF STAN CLARKE has his way, the City of London is going to hear a lot more about him and his business during 1983.

Clarke has spent 30 years quietly but steadily expanding the private housebuilding, construction and property development group which bears his name and which, this year, will record a turnover of £50m.

Having started as a plumber with £100 in his pocket, he feels justifiably pleased with the way things have turned out, but he makes it clear that, at 50 years old, he has not done yet.

The majority shareholder and chairman of the Clarke Group, which operates from an impressive Georgian mansion at Barton-under-Needwood in Staffordshire, Clarke expects future success to outshine past achievements.

While many men of his age and with his financial resources might be content to sit back and sell out, he has no such intention. Neither does his wish to become better known in the City merely constitute the courtesy which precedes a public notation.

"The City represents not only the prime source of corporate finance but a clearing house for contacts and information which can all prove instrumental in developing the business. The prospect of going public has not been ruled out, but I think it more likely that our immediate aspirations would lie in acquiring other, possibly publicly-quoted, companies."

The group, accordingly, seems set to adopt a higher-profile approach than has been the case in the past and is anxious to let more people know what it is up to.

Housebuilding is high on the list. It accounts for about half group turnover and the number



of homes built during 1983 is expected to reach around 730 against 497 in 1982.

According to a league table produced by Laing and Crutshank, Clarke is now the fifth largest privately-owned housebuilder in the country and lies around 24th place in the overall league table of house developers. If this year's projections are met, the group

will join the top twenty housebuilders.

Last week, the group announced its largest single investment in the south of England, a £10m scheme to develop over 200 homes at Lindfield, close to Haywards Heath in Sussex.

The newly-purchased 27-acre site represents the latest property in an acquisition

programme which last year gathered in over 60 acres of development land in the south, a region where the group has more than 20 residential schemes under way.

Houses at Lindfield will cost up to £85,000, though the group builds homes costing from around £15,000 and has concentrated on the first-time buyers market. It has pursued an active development programme in partnership with local authorities, the latest of which has just been agreed with Fareham borough council in Hampshire.

Clarke's commercial property activities are carried out under the Clarke St Modwen banner, which last year notched up 5m sq ft of developed and let property since its formation. The subsidiary adheres to a strict policy of pre-let, funded development, and has adopted the approach adopted following the less-than-spectacular success of three, small-unit speculative projects.

Some of its recent schemes include a 24,000 sq ft office building in Winchester, an industrial complex at Exeter and a 350,000 sq ft industrial estate at Plymouth. The company is now building up its business in the East Midlands.

The group also has a general construction company, operating in the UK from Lichfield, Exeter and Winchester, and offering a range of turnkey, design and build and fixed fee packages.

With the recent acquisition of W. J. Wynn, the Lewisham-based construction company, which has several London refurbishment projects on its books, Stan Clarke is not only courting the City, he is also helping to rebuild it.

MICHAEL CASSELL

Release greenbelt land
builders ask Minister

THE GOVERNMENT has been asked by housebuilders to relax its restrictive policy on building in greenbelt areas so that new housing development can take place.

Mr Peter Woodrow, newly-elected president of the House Builders Federation, has submitted a request for greater flexibility in greenbelt policies to Mr Tim King, the new Environment Secretary.

The Federation is preparing a detailed study of 60 potential development sites in greenbelt areas in outer London boroughs. A full report is expected to be made to the Environment Secretary within the next four weeks.

Mr Woodrow said that initial analysis of the study's findings shows that "there appears to be a certain amount of land which serves no open space or greenbelt function at all. It would protect the integrity of the real greenbelt policy and

reduce pressure on better land if some of these sites were released for development," he added.

The Federation denied, however, that it was seeking a mandate to allow housebuilders to develop wherever they saw fit in greenbelt locations. "The last thing we as builders want to see is every bit of green built upon—regardless of whether it is designated greenbelt or whatever," said Mr Woodrow.

"But some of the land that has a greenbelt notation is just overgrown; there are partly demolished buildings on it; it is probably infested with rats, and it must create all sorts of problems and nuisance. We are looking at land that really serves no open space purpose and is not greenbelt."

Mr Woodrow said that some of these sites could be developed without necessarily prejudicing greenbelt policy as a whole. He intended to visit individual

sites chosen by the Federation as suitable for development before making any final recommendation to the Secretary of State.

He stressed that the Federation would continue to press for more land generally to be released for housebuilding. "When land supply is curtailed, often by the process of public participation, prices rise and access to new homes is reduced," said Mr Woodrow.

The Federation's new president claimed that land prices in parts of the country had doubled in the past 18 months: "mostly in the south in high demand areas below a line drawn between the Wash and Bristol." This increase had been largely carried by builders who had been unable to put up house prices to rise by between 8 and 10 per cent since 1979.

ANDREW TAYLOR

Industry wants £500m tax help

THE CHANCELLOR has been asked by construction industry employers to include in the budget a series of taxation measures to aid the depressed building and civil engineering sectors.

The new measures would cost the Exchequer "no more than £500m a year," say the employers' organisations.

The budget memorandum has been prepared by the joint taxation committee representing the National Federation of Building Trades Employers, Federation of Civil Engineering Contractors, Committee of Associations of Specialist En-

gineering Contractors and the Export Group for the Construction Industries.

The employers claim that a £500m stimulus to the construction industry could be accommodated "within a budget judgment that could envisage room for between £2bn and £3bn of fiscal adjustments."

The memorandum specifically calls for an increase in industrial buildings allowances from 75 per cent to closer to 100 per cent; a new 100 per cent capital allowance to encourage the refurbishment or conversion of redundant industrial and commercial buildings to other uses;

an increase from £25,000 to £35,000 in the mortgage tax relief threshold and an increase in stamp duty thresholds. The industry also appeals to the Chancellor to remove VAT from building repairs and maintenance.

The joint taxation committee says: "These are modest measures to encourage domestic output and investment, compared with the much higher costs of across-the-board personal tax reductions for which the domestic output—as opposed to the import benefits—are highly dubious."

A. T.

A joint venture of SAUD-CONSTRUCT of Riyadh and JOHN TAYLOR AND SONS has been appointed by the Ministry of Municipal and Rural Affairs, Water and Sewerage Authority, Jeddah, for the project treatment works and supervision of the sewerage, sewage treatment works and effluent re-use project in Jeddah, Saudi Arabia. This commission includes a review of the design of the sewerage treatment works and the supervision of construction of three major contracts worth around £50m. Construction is programmed to be completed in four years and the supervisory team will reach a peak of 10 engineers and technicians. The fee income for this appointment will be around £5m.

£115m Nigerian water works for Costain

FINANCING OF water works in Nigeria worth around £115m has now been completed. Morgan Grenfell has arranged Export Credit loans, supported by the ECED, for £75m and a Euro-dollar loan for \$45m. Work will start soon.

Placed by the Water Corp. of Oyo State, the contracts, which will be undertaken by Costain (West Africa) and Costain International, are among the largest of their type in West Africa and

comprise construction of a dam, water treatment works, pumping station, 59 reservoirs and 850 km of pipeline. They will cover 2,500 sq km as part of the water supply expansion scheme for Oshogbo—Ede, Ife—Gbonzan and Erin-Ilorin.

Costain (West Africa) will handle the Naira 41m (£37.4m) on-shore works and Costain International the \$77m offshore supply contract. The contracts

will take 42 months to complete. Six large towns, many small towns and countless villages are spread within the area where Costain will work.

To be built on the Erin-Ilorin River, the dam will create an impounding reservoir of about 94m cu metres of water. A water treatment works at Ede will handle 160,000 cu metres of water per day and the installation of a pumping station at Ede

will use up to 11 pumps to distribute the treated water, assisted by a further eight pumps in five remote booster pumping stations. The 59 reservoirs will have capacities ranging from 75 to 25,000 cu metres.

The supply of water treatment plant which forms part of the contracts is by Patterson Candy International and the pumps will be provided by Jos Hansen & Soehne.

More orders for Finnish contractors

OVERSEAS EARNINGS and order books for Finnish contractors showed big increases during 1982—largely due to the country's special relationship with the Soviet Union.

Foreign invoicing by Finnish construction firms in 1982 was 20 per cent up on earnings in 1981 at US\$830m, (£532m). This follows a 23 per cent increase to US\$700m (£449m) in 1981 from US\$575m (£368m)

in 1980. But 39 per cent of Finland's contracting exports last year went to the Soviet Union, mainly on large industrial projects. The other major market was the Middle East with 37 per cent, and Africa with 21 per cent.

At the end of 1982 Finnish contractors jointly had 86 major projects under construction abroad with a total value

of US\$2,200m (£1410m). Of these, 17 had a total value of US\$1,200m (£769m) and were in the USSR. A further 23 had a total value of US\$550m (£353m) and were in the Middle East. Twenty projects in Africa were worth an additional US\$400m (£258m) while six projects worth US\$50m (£32m) were underway in other countries.

TOM SEALY

Tenth anniversary
of U-BIX worldwide—
copying excellence
that's hard
to duplicate.

*A decade of U-BIX plain
paper copiers, backed by a
century of Konishiroku photo-
graphic and film experience.*

Back in 1873 a Tokyo pharmacist laid the foundations for the Konishiroku photographic company which has maintained its future-oriented research and development reputation down to the present day.

Way ahead of the others, the company realized that the plain paper copier would become an indispensable

element in office equipment and an important component in the office automation systems of the future. Building on a hundred years of experience in trading, and subsequently manufacturing cameras and film material, it designed and constructed the first all-Japanese plain paper copier.

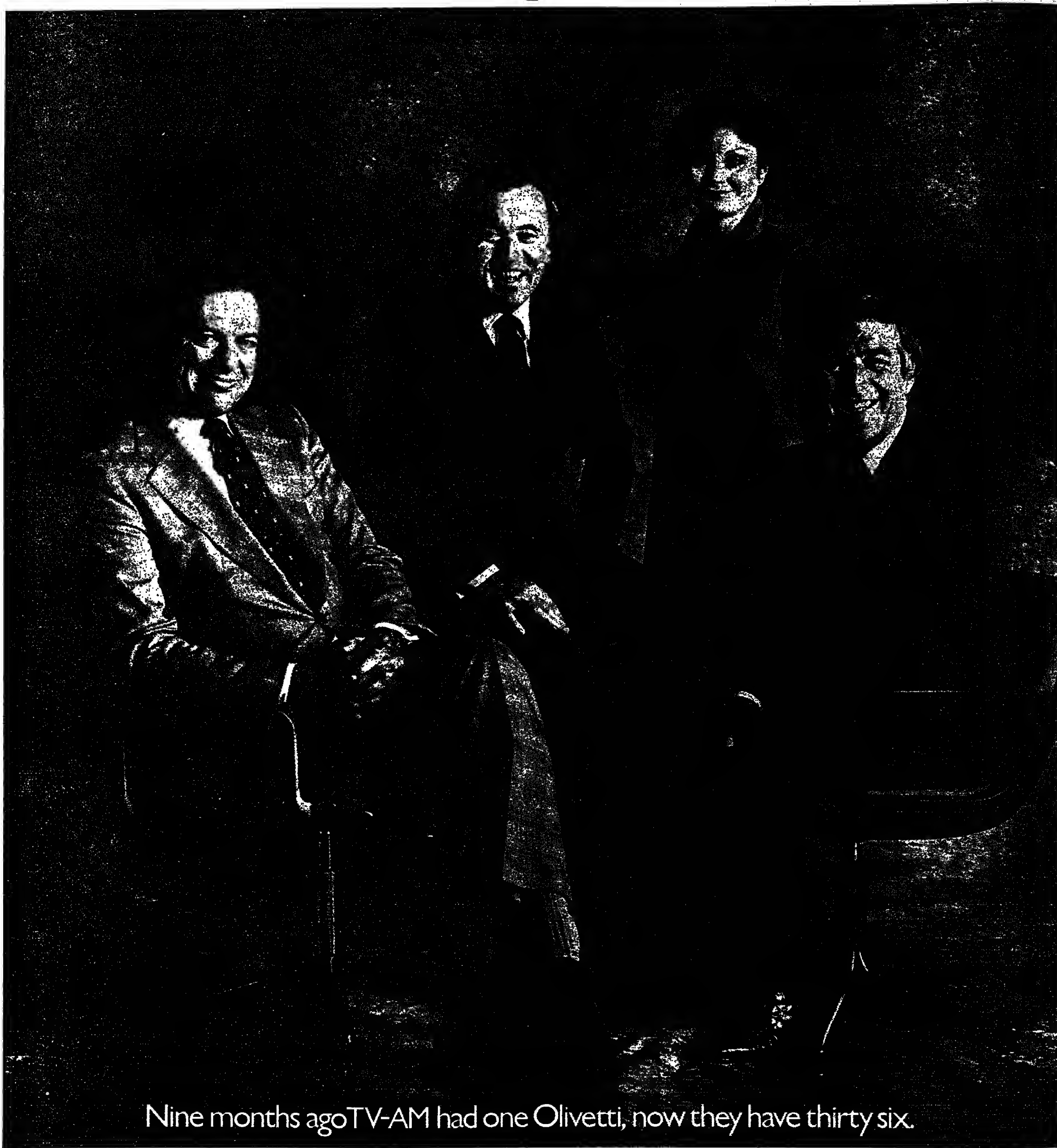
U-BIX, a copier capable of high quality reproduction. Ubi is the Japanese word for elegant, an appropriate word to describe the U-BIX range of copiers, which were subsequently designed. The U-BIX reputation for high quality copies and reliable performance has won praise for the machines throughout the world. „Excellent” is the adjective most frequently used by satisfied customers in over 80 countries to describe our copiers.

On this tenth anniversary of U-BIX worldwide sales, we thank our clients for their confidence, and assure them that we shall continue to attend to their needs in the coming decade.

U-BIX
THE RELIABLE COPIERS.

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The latest news on Olivetti typewriters and word processors.



Nine months ago TV-AM had one Olivetti, now they have thirty six.

When their new studios were little more than a building site, among the thousands of decisions TV-AM had to make was a seemingly insignificant one:

What typewriter should they buy? (And note the singular.) In true democratic fashion they asked their secretaries to choose. The girls tried six different machines and plumped for our 121. To quote them:

"It's the nicest to use, the most stylish and by far the quietest" (The latter point being fairly important at 5 am when any noise is bad noise.)

It was a happy decision in a way they didn't realise at the time. You can upgrade our 121 typewriters into word processors which, in fact, they are now doing.

As this is a very painless way to get into word processing, you might like to hear more about it.

Building bricks.

The beauty of the idea is that when you grow out of a machine you don't junk it, you extend it.

Rather like a house when the family grows.

You can start with one of our electronic typewriters as TV-AM did and simply build on.

Bigger memories. More extensive programmes. Visual displays (those things like portable TVs).

Your secretary won't be thrown by the change because the basic machine won't have changed. Only its capabilities.

Your first decision.

The first question you might have to answer is which of our electronic typewriters is the best for you now.

You can't go far wrong.

They differ largely in the amount they can remember.

And they all share the features that have made them Europe's best selling machines.

They're much quieter than the old electric machines, for example, and have far less to go wrong. Whereas the golf balls have some 2,500 moving parts, our electronic typewriters have just 100.

We replaced the old levers, swivel joints and springs with sensors and microchips. Instead of handfuls of clattery keys we use a daisy wheel with letters on little stalks.

As for their memories, our basic machine, the 121, can store one line of type and print it for you on demand.

While our 221 can recite two lines and show them on a small visual display before you type them.

(So if they're not the pure gems you envisaged you can cut and polish them first.)

When is a typewriter not a typewriter?

Our next two machines beg the question of when does a typewriter become a word processor?

You'd be hard pressed to distinguish between our new 225 and our other typewriters from the outside.

But inside you'll see modules about the size of a tape cassette.

They let you add more and more memory. Four pages worth at a time.

Until you have a machine that stores 32 pages.

You can scroll them, search through them, revise and delete them and order all the pages of a document to number themselves automatically.

And very soon you'll be able to upgrade this machine to one of our largest word processors, just as you can the other two typewriters.

The floppy disk that holds as much as a filing cabinet.

Next comes the first big step: to a machine with a memory store outside.

Our 351 holds information on floppy disks, each of which can store 32 pages (you can, of course, have as many disks as you need).

More than enough to cope with all those boring, repetitive jobs; the documents, circulars, standard letters.

It's so easy to do what is known as 'cut and paste' in the trade.

You can take out words or paragraphs or even chapters, insert new ones, and the machine will re-space and re-number them.

You can order it to print hundreds of the same letter, altering names and addresses on each one.

Imagine the life of a solicitor, a doctor, a scriptwriter, a charity appeal, a mail order business, a political party. For such people life without a word

processor such as the 351 will soon be as unthinkable as life without cars and fridges and washing machines for everyone else.

The machine you'll end up with.

This is the word processor you see in the photograph by the coupon. Our ETS 1010.

It's the one our other machines become when they grow up.

When TV-AM have a moment to breathe we'll be teaching them how to use it for their scripts, press releases, replies to viewers' letters and their mail outs.

Even with all their new technology we think they'll be impressed with the 1010's.

It'll let them split the visual display screen horizontally or vertically (a technique called 'windowing').

So that one typist could, for example, be working on one of Peter Jay's speeches, split the screen, show a Michael Parkinson interview, change either or both, and print them, one after the other.

The same piece of software will allow them to 'fold' wide documents to compare, say, distant columns of figures next to one another.

It will also do five function maths and number paragraphs six different ways.

And gloriously for any harrassed new programme, it'll let them correct mistakes the moment they realise they've boobed.

Let's hope the critics will be as understanding.

The Giant.

Modern science won't let us rest here, however. We now have a veritable giant of a word processor, the 1020.

For the initiated, it's an 'always up, fully redundant centralised filing system.'

For the rest of us, it's a chest about the size of a home freezer that stores up to 120,000 pages of information.

It does so on two rigid discs simultaneously so that if one ever breaks down the other carries on regardless.

Fourteen 1010 word processors can work with it at the same time.

Who could possibly feed such a giant?

Insurance companies, banks, publishers; anyone with floors full of filing cabinets bulging with paper.

The cost of processing words.

We work on the principle that having a bigger word processor than you need is as indulgent as renting bigger offices than you can fill.

The concept of starting small and building up seems more intelligent, particularly when you compare the costs.

You can lease our 121 typewriter for as little as £5 a week.

The 221 and 225 for £7.50 and £16.25 a week respectively.

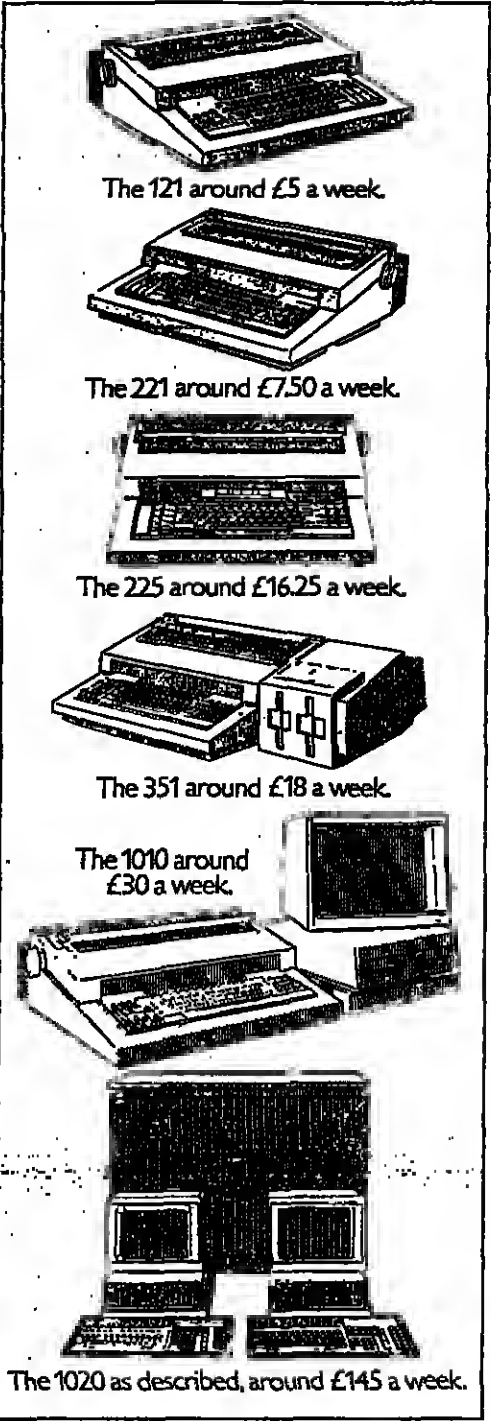
While our new dual function 351 will set you back around £18 a week.

The ETS 1010 under £30 a week.

Whereas the massive 1020 with, say, a 15,000 page memory, four work stations and a daisy wheel printer works out around £145 a week over a five year period.

We have brochures that give the complete specification of each machine.

If you'll post us the coupon we'll send them to you immediately.



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TECHNOLOGY

SECOND SOVIET SATELLITE SET FOR UNSCHEDULED RE-ENTRY

Search for nuclear safety in space

BY DAVID FISHLOCK, SCIENCE EDITOR

THE unscheduled re-entry of a Soviet nuclear-powered reactor into the earth's atmosphere coincides with a reawakening of U.S. interest in nuclear power for space systems. Last month bids were invited from U.S. contractors for a new 100 kW space reactor.

The incentive is a need for power in space that outstrips the capacity of solar systems. The obvious drawback is public reaction to the threat of radioactive fallout from space.

For two decades proponents of photovoltaic solar power systems have looked to space technology for the impetus needed to force up conversion efficiencies and drive down capital costs. But space power demands are outpacing solar cell progress, particularly for military requirements.

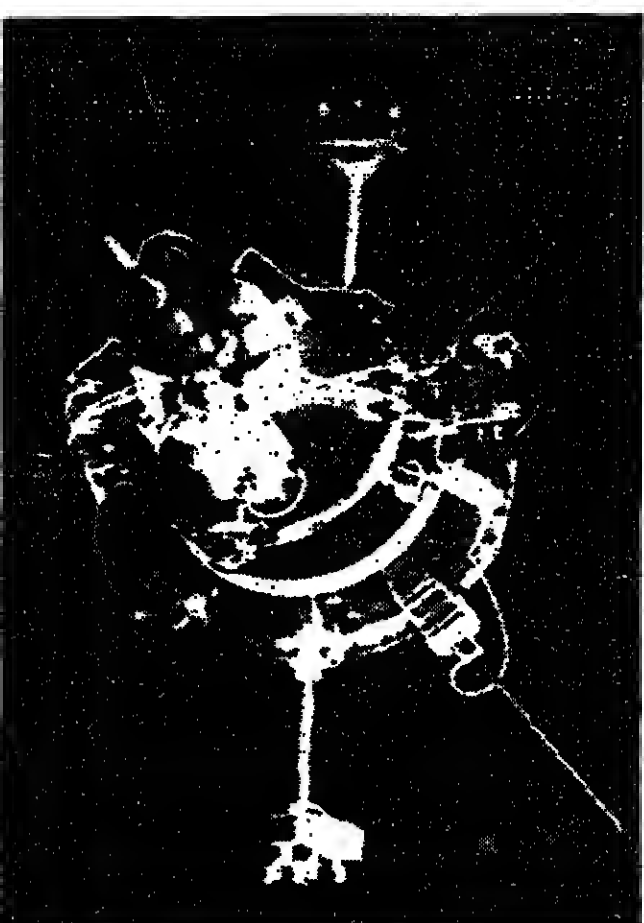
The Soviets have recognised this in their use of a compact nuclear reactor to provide power for radars, etc., for their Cosmos spy satellite series. They launched four such reactors last year.

Compact reactors for space, no bigger than a Mini but generating enough power to supply a small town, were the subject of a symposium in Washington D.C. late last year. The meeting was convened by the U.S. National Academy of Sciences but the prime movers were the U.S. defence research agencies and the National Aeronautics and Space Administration. Nearly half of the papers were classified.

"It now looks a little more serious for the first time in 10 years," says Dr Howard Arnold, general manager of Westinghouse Electric's advanced reactors division near Pittsburgh. Why the U.S. military wants a nuclear powerpack is still highly classified, he says. But the possibilities include beam weapons, communications, and laser or radar surveillance from space, and also scientific missions into deep space.

Dr Arnold headed the nuclear side of the Nerva (nuclear engine for rocket vehicle application) project, climax of a joint Nasa-AEC (Atomic Energy Commission) programme called Rover. The aim was a gas-cooled reactor which would serve as a superheater for a hydrogen-propelled rocket. Nerva, a 5,000 MW reactor, was scrapped in 1973. It had cost \$1.4bn.

But as prime contractor on the nuclear side, Westinghouse retained its interest in the



Cosmos 954, the Soviet nuclear-powered satellite radioactive remnants of which fell on Canada. The Canadians sent Moscow a bill for about \$6m—about half the amount was paid.

Jackass Flats site in Nevada where Nerva was assembled. In fact, the rocket reactor was dismantled only three years ago. The facilities include a giant "hot cell" for engine maintenance and disassembly, big enough to accommodate an entire railway truck. Altogether, Dr Arnold's team built and tested about 15 space reactors fuelled with highly enriched uranium—the fuel used in Cosmos 1402 and the earlier Russian satellite which came down in Canada in 1978.

The experience and facilities give Westinghouse a head start in any new U.S. programme, Dr Arnold believes. The company never abandoned space reactors completely but always maintained a small team and what he

calls "an active marketing effort."

According to Science, one U.S. space radar proposed at the Washington meeting, with an antenna the size of a football pitch, would require 50 kW of power. For comparison, the solar demonstration BP plans to build near Southampton will need 500 square metres of solar panel to generate only 30 kW. The current U.S. nuclear goal seems to be an all-purpose space reactor providing up to 100 kW, to be tested in the Space Shuttle later this decade.

At Los Alamos, a defence research centre, outline designs for a space project called SP-100 have already been drawn. This is a fast (unmoderated) reactor fuelled by highly enriched

uranium and cooled by molten lithium metal. The coolest fuel core—little bigger than a shoebox—uses thermoelectric generators by way of heat pipes, without needing pumps to keep it circulating. The reactor is designed to produce 1,600 kW of heat.

The Russians already have reactors of this basic type providing power to some of their spy satellites. The early version was known as Romashka, Russian for daisy, because of its daisy-like structure of thermoelectric converters. This was succeeded by the Topaz, used to provide high power for relatively brief periods to such space equipments as ocean surveillance radars. Radioactive remnants of such a reactor fell on Canada early in 1978 and again threaten the earth's surface next month, because of failure of the system used to boost the spent reconnaissance satellite safely into high "parking" orbit.

The Canadians sent the Russians a bill for about \$6m for the clean-up operation. The Russians finally paid about half the bill.

The Topaz reactors are designed to provide a huge burst of power—like a nuclear rocket—for a relatively short time, a matter of a few months in this case. In contrast, U.S. interest lies in a reactor with a life at full-power of perhaps seven years, of the same order as the latest submarine reactors. It must also be robust, not only to withstand the launch but also abrupt manoeuvres in space. Science quotes William Ranken of Los Alamos saying that he could design a reactor for up to three times the acceleration of gravity but "10g is another story."

TELEPHONE LOGGING

Still a demand for low-cost systems

ACCORDING to David Siegel, Ansafone's sales manager, there is still a big demand from small to medium companies for a relatively low cost phone call logging system.

So the company is offering Telecost TNA64 and claims that it will produce savings of up to 38 per cent on telephone bills.

The machine is customer programmable and is available in four sizes to handle 16, 32, 48 and 64 exchange lines and

According to Los Alamos scientists, the Nerva project has already demonstrated that "a complete nuclear rocket system can start on its own power and operate stably over a wide range of conditions." One test series consisted of 28 tests at various power levels with a total engine operating time of just under four hours.

Present U.S. objectives include a strong emphasis on safety following the 1978 Russian accident. The UN Committee on the Peaceful Uses of Outer Space decreed that unscheduled re-entry of a space reactor should not expose anyone on earth to radiation doses exceeding the limits recommended by the International Commission on Radiological Protection.

Mr Manning Munzing, president of the American Nuclear Society, told the Washington meeting that none of the 23 nuclear systems used so far to supply power to U.S. space activities—the latest in 1980—had been subject to licensing. As research systems, all had been exempted, including the Snap 10 reactor, now parked in an orbit where it is expected to remain for 4,000 years, until its activity has dissipated.

Mr Munzing proposed that the revival of interest in space nuclear systems required a new licensing agency, independent of the Nuclear Regulatory Commission, which is bogged down with problems of licensing terrestrial power plants. He believes that a Space Nuclear Power Systems Safety Board is needed, not only to regulate safety, but to reassure the public that there is no risk, as he put it, that "technological enthusiasm can overwhelm prudence."

TELECOMMUNICATIONS

Plessey's third generation digital switching system

BY GEOFFREY CHARLISH

FOR SOME time most of the telecom industry has been promoting the idea of making the company PABX the basic switching and communications network for tomorrow's office.

Plessey, it turns out, is the first to obtain approval for the connection of such a system to the public network.

Called IDX, it is described as a totally new, third generation, fully digital integrated switching system. It will allow voice, data, facsimile, videodata, text and telex to be handled together with any future services that will come with the implementation of British Telecom's ISDN (Integrated Services Digital Network).

Any terminal with a CCITT V24 interface, operating synchronously or asynchronously, is simply plugged in, states Plessey.

For off-site communications, a number of terminals may share a common modem, cutting line costs.

There are also several "management" features associated with IDX/IBIS. Call logging, route restriction/optimisation, and allocated class of service to users can lead to substantial savings on PTT bills.

Because of the integrated nature of the system, all the information is available for future private network planning. It is derived from traffic tables which permit rapid analysis of system performance for voice, text and data.

Generations

As an added bonus for city centre companies in particular, the exchange itself can take up to 75 per cent less space than previous generations. And most of its first line servicing will be carried out remotely—direct from Nottingham over a phone line.

Plessey puts the market in the UK alone for this kind of exchange at 130,000 lines a year. At the £400 per line end user sees a big saving, that comes to a tidy £52m.

Access to the various services from a terminal is via microprocessor based "gateways" associated with the IDX. For example, mainframe computer

terminal emulation gateways allow the workstations to communicate with local or remotely sited computers giving the user the facilities of the computer company's own terminal.

Other gateways will provide an electronic mail service to workstation users allowing the creation and distribution of documents and messages through the organisation.

Protection

These communications facilities are available to non-Plessey terminals and business machines, protecting and allowing extension of investment in such equipment and software.

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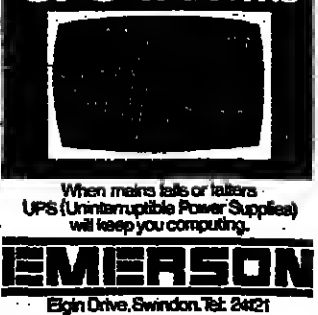
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UPS-or downs



Emerson

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Computers

Sales figures

ACCORDING TO Input, the Mountain View, California computer market research company, world expenditure on personal computer software will rise from \$450m in 1982 to a staggering \$6,700m in 1987—a mere four to five years time.

The figures appear in a new study by Input called Personal Computer Software Market Opportunities, available from the London office at 25 Piccadilly W1V 9PB (01-438 8885).

In the U.S. alone, predicts the report, the sales of PC software will reach \$3,700m by 1987, having exhibited a compound annual growth rate of 42 per cent per annum. This compares with 24 per cent for the U.S. computer services industry and a likely 3 to 4 per cent for the U.S. economy as a whole.

The forecasts were based on over 1,000 interviews conducted with major vendors and users of PC hardware and software.

Data storage

Portable unit

THE MODEL M1638 portable unit from Microdata, of Radlett, Herts, is designed for the collection and non-volatile storage of data from the solid state memories of data loggers and similar systems.

The storage medium is a standard 0.25 inch magnetic tape data cartridge, and recording is in a compatible ANSI / ECMA serial format.

When its internal batteries are fully charged the device can record or play back a complete data cartridge. It can also operate in a fast charge mode from the mains or from a low voltage AC or DC source. The input/output can be either RS232C or IEEE-488 as selected by the customer. More on 09276 3141.

Sparrow and Sidewinder: double deterrent in Europe's air defense.

Slicing through NATO airspace, this F-15 goes through its paces as one of the world's most advanced fighters. It's suitably equipped with the world's most advanced medium- and short-range air-to-air missiles: Sparrow and Sidewinder.

Since the original Sparrow III was developed some 30 years ago, Raytheon has continued as prime contractor for succeeding models of this radar-guided missile system. And we are currently in full production on the latest version of Sparrow, the AIM/RIM-7M, with greatly improved capability.

Similarly with Sidewinder. As a long-term industrial support contractor for the U.S. Navy, we produced the guidance control section and fuzing system for the currently deployed AIM-9L, and have now entered production on the next generation Sidewinder AIM-9M.

That's today. Looking further into the future, Raytheon has been selected by the U.S. Air Force as the follower producer for AMRAAM (Advanced Medium Range Air-to-Air Missile) that will play an

important role in U.S. and NATO air defense.

Bringing advanced technology to the ever-more-complex world of air-to-air combat is one of our particular skills. And we bring the same expertise to ground-based air defense systems like Hawk and Patriot, and to a broad array of radar, sonar, and electronic countermeasures systems for shipboard use.

For many years, European firms have participated in cooperative production of NATO Hawk and as members of the Raytheon-managed consortium established to develop and produce the NATO Seasparrow Missile System.

Raytheon... a five and a half billion dollar company in electronics, aviation, appliances, energy, construction, and publishing. For copies of our latest financial reports, contact any of the offices or companies listed below or write: Raytheon Europe, 52 Route des Acacias, 1227 Geneva, Switzerland, or worldwide headquarters, Raytheon Company, 141 Spring Street, Lexington, Massachusetts, U.S.A. 02173.

RAYTHEON

FOR INFORMATION ON RAYTHEON GOVERNMENT SYSTEMS contact any of these offices: Raytheon Overseas Limited, 81 Avenue Franklin Roosevelt, Brussels 1050, Belgium • Raytheon Overseas Limited, 31 Davies Street, London W1, England • Raytheon Overseas Limited, 326 Boulevard de la Colonne, 92123 Saint Cloud, Cedex, France • Raytheon Overseas Limited, 112 Adenauer Allee, Bonn 5300, West Germany • Raytheon Overseas Limited, Paseo De La Habana, 12.8° D, Madrid 16, Spain.

RAYTHEON COMPANIES IN EUROPE: Electronics: Cossor Electronics Limited, Harlow, Essex, England • Data Logic Limited, London, England • Raytheon Halbleiter G.m.b.H., Munich, West Germany • Raytheon International Data Systems, Amsterdam, Netherlands • Frankfurt, West Germany • Raytheon Marine Sales & Service, Copenhagen, Denmark • London, England • TAG Halbleiter G.m.b.H., Boeblingen, West Germany • TAG Semiconductors Limited, Zurich, Switzerland • Wire and Cable: Electrical Installations Limited, London, England • Le Fil Dynamique S.A., Meyzieu, France • Greengate Cables Limited, Manchester, England • Kisting G.m.b.H. & Co., Ingolstadt, West Germany • Lacroix & Kress G.m.b.H. & Co., Brannche, West Germany • Sterling Cable Company Limited, Aldermaston, Berkshire, England.

THE INTERNATIONAL MATERIALS HANDLING EXHIBITION 1983

IMHE 83: shop window for the international handling industry

The International Materials Handling Exhibition returns this year to Earls Court, London, where it will be held from 19-26 April, inclusive.

The exhibition will be the only major European show to be held this year now that IMHE is firmly established on its three-yearly cycle with parallel events held in Hannover and Paris. As such, the organisers — Industrial and Trade Fairs Ltd — have devised one of the strongest exhibitor/visitor packages ever put together since the show was first launched nearly three decades ago.

The unique international character of the show will be as prominent as at any stage in the past. Apart from a strong contingent of UK manufacturers, group national stands have been arranged from France, Finland and Sweden, with individual exhibitors also booked from Belgium, Canada, Denmark, West Germany, Italy, Yugoslavia, the Netherlands and the United States.

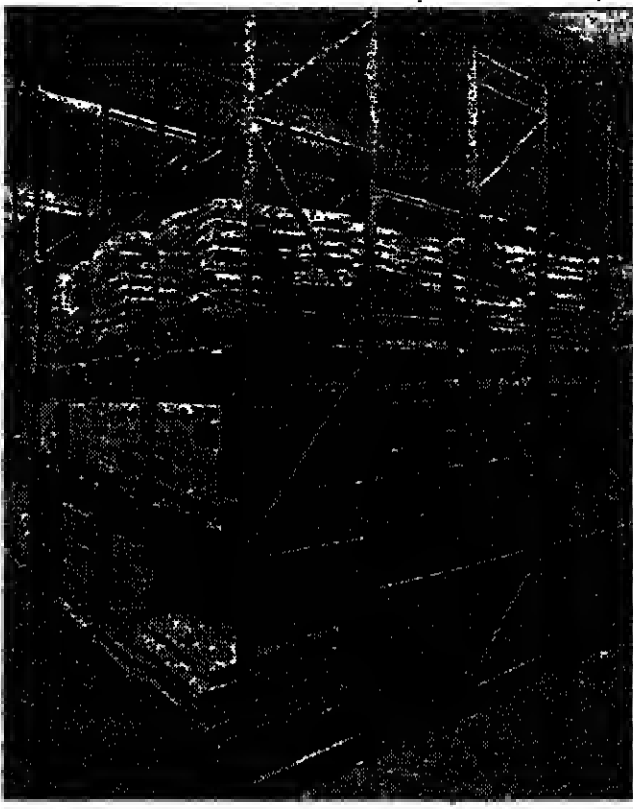
Among the many features of the 1983 International Materials Handling Exhibition are:

- A major international conference on Automated Materials Handling (see separate article).
- An important one-day seminar on trends in distribution costs (see separate panel).
- A full package of complete UK exhibitions taking place in the UK during April, including:

— **FACTORY 83**, Earls Court, 19-23 April.

— **PAKEX**, the International Packaging Exhibition, National Exhibition Centre, 25-28 April.

— **BREWEX**, the International Brewing, Bottling and Allied Trades Exhibition, NEC, 25-29 April.



SailRail, to be shown by Hovair, uses compressed air for elevating pallets along a 13° slope to provide an economical live storage system

materials handling consultancy. Organised by Industrial and Trade Fairs Ltd, the co-sponsors of IMHE 83 are the Journal of Materials Handling News and the British Materials Handling Federation, the latter being the umbrella trade association which represents all the manufacturing interests of the handling industry. Among the constituent bodies of the Federation are the British Industrial Truck Association (BITA); the Storage Equipment Manufacturers' Association (SEMA); the Lifting Equipment Manufacturers' Association (LEMA) and the Mechanical Engineers' Association (MHEA).

An Exhibition Advisory Committee, comprising representatives from IFE and the Federation, is highly active during the build-up period to the show, deciding on both policy and organisational details. It was at the Federation's request, for example, that the exhibition be moved to its former venue at Earls Court following two presentations at the National Exhibition Centre in 1977 and 1980. This close partnership between the organisers and the industry is designed to ensure that IMHE retains all its strengths and attractions as the leading UK event in the materials handling industry.

Sales enquiries to IMHE 83 should be directed to Mrs P. Foster, Sales Manager, Industrial and Trade Fairs Ltd, Radcliffe House, Blenheim Court, Solihull, West Midlands B91 2BG. Tel: 021-705 6707. Telex: 83707.

Visitor information may be obtained from Mike Coverdale, Publicity Manager, Industrial and Trade Fairs Ltd, at the above address.

New ideas to the fore at IMHE 83

EVER since it was first launched after the Second World War, The International Materials Handling Exhibition has provided a major shop window for the storage, handling and distribution industries. Equipment on show at this year's exhibition — the 18th in the series — promises to be the most representative of the industry yet seen, with the line-up including industrial trucks, storage systems, conveyors, unit load equipment, hoists and overhead lifting gear, vehicle loading systems, bulk handling and storage equipment, and a wide range of components including engines, batteries, tyres, hydraulic equipment, transmissions and electric motors. The 1983 show will also see greater emphasis on features such as automation, control systems and advanced handling installations in industry's quest for greater productivity.

The following representative sample of exhibits provides some of the new ideas which will be found in industrial trucks, storage equipment, conveyors, unit load equipment and specialised handling systems at IMHE 83.

IN the industrial truck sector, a new model making its first appearance in the UK is the Steinbock electric three-wheel fork lift — Model EFG 1, 25/1, 6TD Eurolift — available in two basic capacities of 1250 kg and 1600 kg respectively.

Standard features of this new truck include a full free lift duplex mast offering good driver visibility, an ergonomically designed driver's compartment including suspension seat, wear level indicators on all motors, and a battery discharge indicator.

The manufacturers say the Eurolift has been designed to the company's usual standards of quality, reliability and safety, with special attention paid to ease of maintenance and quick access to all working parts.

Steinbock UK, Unit 7, Warwick Industrial Estate, Endbrook Road, Warwick CV34 5FN.

simple to erect — no nuts or bolts are needed — and can be quickly adjusted.

2. Long-span shelving, an extension to the company's range which is suitable for storing big, bulky items.

3. A new plastic container for small parts storage, with narrow dimensions designed to give better volume utilisation within a shelving unit.

4. A sliding van kit to provide a mobile storage facility for commercial service vehicles.

5. Portafix 6, a portable storage system suitable for the factory, workshop and domestic DIY market. The Portafix can be supplied as a single unit with 12 containers or as two units hinged together.

● a medium duty system which includes a vertical lift, accumulation conveyor, inclined and horizontal belt conveyors, gravity roller conveyor and chain transfers.

● a free-standing belt conveyor from the company's light-duty series based on standard modular components, and

● a MASVC electronic control panel with accompanying software for the necessary operational systems.

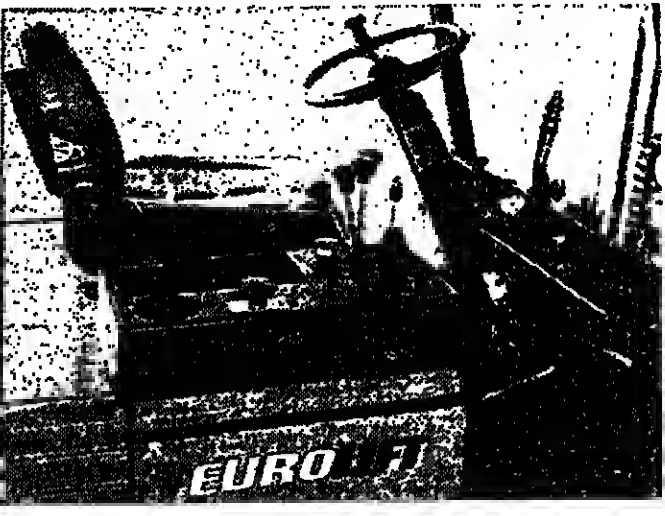
Masyco Ltd, 79 Lee Lane, Horwich, Lancs.

ANOTHER company serving the storage/conveyor market is Interroll who will introduce their Flow Storage system at IMHE 83. This gravity storage arrangement is suitable for

Novair, specialists in the movement of heavy loads via compliant air bearings, will show a full range of their products with details of a number of recent applications in this field. The company will also use IMHE 83 to launch the SailRail system in the UK.

Manufactured by SailRail Enterprises of Canada, this system can be used for pallet loading and gravity storage applications. SailRail uses compressed air which is released through jets set in aluminium tracks. The air elevates pallets on the tracks to reduce sliding friction and a gentle push or pull by a fork lift can easily guide a full 20 or 40 tonne load in or out of a trailer. The same system can, by a combined use of gravity on a 14° slope and automatic air control, provide a safe and economical live storage system. Installed either on or flush in a floor, this new product can also provide a simple and inexpensive inter-bay transfer system or production line.

Novair Systems Ltd, Ampere Road, London Road Industrial Estate, Newbury, Berks.



Driver's compartment of Steinbock's new Eurolift fork lift truck

BUILDING upon their success in the export field over the past year, Falletower will be showing their new range of heavy duty cold store pallet converters at IMHE 83. In under 12 months, the company has supplied over 20,000 of these galvanneal steel units to customers in Lebanon, Saudi Arabia, Kuwait, Bahrain, the UAE, Oman and Hong Kong.

A further order worth £200,000, has recently been received from a cold store operator in Dubai.

The converters are said to be easy to use and can be assembled by one man in 75 seconds. The method of interlocking prevents any movement of the converter and there is no possibility of component parts accidentally becoming loose when in service. The converters are hot dip galvanneal to a high standard of finish, with steels specially selected for cold store use where — in the Middle East — temperatures vary from -40°C to +100°C. Standing 6 ft high, the converters are designed to carry loads of up to 1.5 tonnes each, with stacking 5-high to a height of 30 ft within the cold store.

Falletower (GB) Ltd, Orbit House, Heyes Lane, Alderley Edge, Cheshire SK3 7LE.

Probing the future of automated systems

ONE of the most important events running alongside IMHE 83, will be the first major international conference on automated materials handling to be held in the UK for nearly a decade.

As such, the event will offer delegates a timely review of recent progress in this field, with information on the latest advances in hardware and control systems, and summaries of users' experience on major installations both at home and abroad.

Frequent criticism has been voiced in the past over UK industry's failure to modernise. "Automate to survive" has therefore been chosen as the powerful theme for this International Conference on Automated Materials Handling. As more and more companies

around the world invest in automated manufacturing and distribution facilities as a means of improving quality, increasing output and reducing production costs, materials handling continues to rank as one of Britain's most labour-intensive and costly industrial activities.

The full programme for the conference is published below. Delegates may book for individual sessions if they do not wish to attend the full conference. The venue for the event is the Grosvenor Hall, within the Earls Court exhibition complex, which will allow delegates to visit the show between conference sessions.

Arranged by IFS (Conferences) Ltd, with an organising committee chaired by Professor R. H. Hollier, Professor of

Operations Management at the University of Manchester Institute of Science and Technology (UMIST), the conference is sponsored by:

- The British Robot Association
- The Industrial Robot Magazine
- Federation Europeenne-Manutention
- "Materials Handling News"
- The National Materials Handling Centre

For a brochure and registration form, contact the Conference Administrator, IFC Conferences Ltd, Room 1313, Surrey House, Throley Way, Sutton, Surrey SM1 4QJ. Tel: 01-643 8040, ext. 4892.

● British Materials Handling Federation

● British Materials Handling Board

● The Institute of Materials Handling

For a brochure and registration form, please contact: John Hampson, Conference Director (AMH), IFS (Conferences) Ltd, 35-39 High Street, Kempston, Bedford MK42 7BT. Tel: 0234 253605. Telex: 825489.

Distribution costs seminar

IN addition to the conference on automated materials handling, a one-day seminar on Emerging Trends in Distribution will be held on April 19 — the opening day of IMHE 83. Presented by the Journal of Materials Handling News, the objectives of the seminar are to examine current trends in the distribution costs profile, to project the pattern for the future and to assess the importance of these developments for industry as a whole. (Full details of the recent Distribution Costs Survey which prompted this seminar were published in the Financial Times, 25 November, 1982, p.11.)

For a brochure and registration form, contact the Conference Administrator, IFC Conferences Ltd, Room 1313, Surrey House, Throley Way, Sutton, Surrey SM1 4QJ. Tel: 01-643 8040, ext. 4892.

AUTOMATED MATERIALS HANDLING CONFERENCE

WEDNESDAY, 20 APRIL, 1983

- Session I: Finance, Management & Systems Planning**
- Absolute physical parts control
C. Burnham, Ingersoll Engineers and a further speaker from BT Systems, UK
- Development of strategies for controlling material-flow systems
R. Bachers & H. J. Steffens, Institute for Manufacturing Engineering and Automation, West Germany
- Improving productivity by incorporating flexibility into an automated design
R. P. Armstrong, IBM United Kingdom Ltd, UK
- The appraisal and justification of automated materials handling projects
R. L. Penrice, Carney Penrice Ltd, UK
- Session II: Advanced Handling Applications**
- Systems designed to handle and control production on the shop floor
P. J. Mitchell, Dexdon Ltd, UK
- FIGARMA — Fully integrated garment manufacture
N. Nilsson, Institute for Management of Innovation and Technology, Sweden
- Automated handling in the frozen food industry
N. A. Lee, Modern Materials Management Ltd, UK
- Automated materials handling in a distribution centre for books and records
U. Wehler, Vereinigte Verlagsanlieferung GmbH, Germany
- Automation in retailing
J. Coates, Littlewoods Organisation PLC, UK
- THURSDAY, 21 APRIL, 1983**
- Session III: Handling Heavy & Hazardous Loads**
- The ISOV System — steel stockyard management
W. J. Lang, SPL International, Netherlands
- Automated handling and preparation of steel sections in the fabrication process
C. Barber, Roche Vale Group of Companies, UK
- An isolated levitation system for transport of hazardous objects
D. B. Lowe, Taylor Hitec Ltd, UK
- Heavy load automation — future in the air
B. E. Wright, Hovair Systems Ltd, UK
- Automated container handling in ports
R. H. S. Jack, Herbert Morris Ltd, UK
- Session IV: Recognition systems**
- Machine vision in the automated handling of engine components
C. B. Beasant & F. Maali, Imperial College, UK
- Automatic identification by laser scanning techniques
C. Harrison, Pepperl & Fuchs (GB) Ltd, UK
- A visual system to help robots to load and unload industrial work-pieces
V. Gerashev & K. Belov, Bulgarian Academy of Science, Bulgaria
- Session V: Automated Guided Vehicle Systems**
- Automated pallet storage by turret truck
J. C. Gilbert, Lansing Bagnall Ltd, UK
- Economical multi-module pallets in complex distribution centres
K. R. Weber, Planning Group for Industrial Construction, Germany
- FRIDAY, 22 APRIL, 1983**
- Session VI: Automated Guided Vehicle Systems**
- New concepts through flexible transport and storage systems with ROBO vehicles
F. Schneider, Schindler Digitron AG, Switzerland
- Modern handling methods in practice
R. C. White, Babcock FATA Ltd, UK
- Automated guided vehicles
D. Clayton, Jungheinrich (GB) Ltd, UK
- Session VII: Future Trends**
- Increasing materials management productivity through automated systems
R. G. Birtzall, Logisticon Inc, USA
- Automated sortation systems
G. Shimmings, SM Consulting Group, UK

Two shows for the industrial buyer

ONE of the added features of this year's International Materials Handling Exhibition will be the staging of a concurrent and complementary show concentrating on the manufacturing and production end of the market.

With some sectors of British industry emerging from the recession, FACTORY 83 has been launched to give manufacturers and suppliers of all types of factory equipment and services the opportunity of improving their market share in the mid-1980s.

Exhibition Director, John Legate feels that many visitors will have a common interest in both shows, with the Earls Court exhibition complex providing a powerful magnet in April for industrial purchasers from all over the UK, Europe and other industrialised and developing areas. "We anticipate that the two exhibitions will attract somewhere in the region of 25,000 visitors," states John Legate. Visitors to any one of the shows will automatically be given free access to the other event.

Stands at FACTORY 83 will be sold as a total package

including floor space and basic stand fittings which obviate the need for exhibitors to commission expensive stand design and construction. "The emphasis throughout FACTORY 83 is on cost effectiveness," says John Legate, "with exhibition units ranging from 12 sq metres (£560) to a maximum of 100 sq metres (£5,000)."

Exhibitors will cover all aspects of the factory environment including construction and maintenance and all types of equipment and services used on the shop floor. Typical products on show will include commu-

nications equipment, vending machines, heating and lighting units, security services, cleaning systems, safety equipment, washroom fixtures and supplies, clothes lockers and industrial clothing, food and cafeteria dispensing equipment, partitioning and many other dozens of useful factory aids.

For further information about FACTORY 83, please contact David Bull, Sales Manager, Industrial and Trade Fairs Ltd, Radcliffe House, Blenheim Court, Solihull, W. Midlands B91 2BG. Tel: 021-705 6707. Telex: 83707.

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BIG SAVINGS IN YOUR HAND..

Nowadays you have to minimise your costs just to survive.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

'We'll talk to anyone who has a better mousetrap'

Guy de Jonquieres reports on the vast choice of supplier now open to the American telecommunications consumer



America's communications revolution: 9

AS American Telephone and Telegraph prepares to be broken up, its customers are being urged by many smaller rivals to unplug themselves from the Bell System and make a new connection. Faced with a rapidly expanding choice of alternatives, increasing numbers of American businesses and households are heading the call.

Cost-conscious subscribers can sign up with a bunch of carriers such as MCI, Southern Bell, or International Telephone and Telegraph, which charge as little as half AT&T's rates to transmit long-distance calls on their own inter-city networks. ITT sells its service off the shelf at Sears' department stores, just like tyres, clothes and kitchen appliances. Large companies, which want to link remote computer centres may call on several satellite operators, such as Satellite Business Systems and American Satellite, which can also set up televised video conferences between points thousands of miles apart.

The really enterprising can club together and buy AT&T circuits, selling spare capacity on the open market. Some companies are taking do-it-yourself principles even further: Merrill Lynch, the financial services group, is building a satellite communication centre in New York with Western Union. It hopes to attract custom from other high-volume corporate users of telecommunications.

"It's a crazy market," says Don Gooding, a telecommunica-

tions analyst with the Yankee group, a Boston market research firm. "A decade or so ago there was just one supplier, AT&T. Two years ago there were 20. Today there are 200."

The door was first opened to competition in telecommunications transmission in 1969 when the Federal Communications Commission (FCC) authorised MCI, then a tiny company, to build a microwave radio circuit from St Louis to Chicago and challenge the giant AT&T for business between the two cities.

The pressures on AT&T's virtual monopoly have intensified steadily since then, culminating in the recent decision to break up the Bell System and eliminate most of the remaining regulatory barriers to market entry. The process has been accelerated by the merger of the technologies of telecommunications for many years a regulated industry, and of the unregulated business of data processing.

The impact is already being felt abroad. Last month the FCC paved the way for a free-for-all in international telephone services, authorising four carriers to compete with AT&T in offering voice communications to the UK. It also abolished the previous distinction between international voice and data carriers.

So far, competition seems to have worked pretty well in the U.S. The Bell System's long-distance rivals have expanded at annual rates of 50 per cent or more, triple AT&T's growth rate. The resale carriers, which buy and resell AT&T circuits, had total revenues of about \$200m last year, their first full year of operation.

Though AT&T has grumbled, its business has barely been dented. It still carries roughly 95 per cent of long-distance interstate traffic, valued at about \$25bn a year. "AT&T doesn't have to give up much for the rest of the carriers to grow very fast," says Harry Edelson, vice-president of research at First Boston, the investment bank.

Conditions are expected to start changing, however, after AT&T is forced to shed its 22 local operating companies at the start of next year. Initially, that may help the so-called specialised carriers like MCI to compete with it on more even terms.

AT&T will no longer have free use of the local companies'

AT & T'S RIVAL CARRIERS

AMERICAN SATELLITE

Operates a satellite communications network owned jointly by Continental Telephone and Fairchild Industries
Revenue 1981: \$25m

GTE CORP.

Largest independent telephone company in the U.S.
Revenue 1981: \$11bn
Long distance transmission services:
GTE Telenet—Revenue 1981: \$105m
GTE Satellite—Revenue 1981: \$13.79m

MCI COMMUNICATIONS CORP.

Operates long distance telecommunications services.
Revenue year to March 31, 1982: \$506.3m

WESTERN UNION

Provides a wide range of communications services, including worldwide telex, telegraph systems and satellites.
Revenue 1981: \$906.7m

UNITED TELECOM

Second largest independent telephone system in U.S. Operates Uninet, a data storage network (1981 revenue of \$16.4m and ISACOMM, a satellite communications service.
Revenue 1981: \$2.3bn.

SATELLITE BUSINESS SYSTEMS

Jointly owned by Aetna Life and Casualty, Comsat General and IBM. Operates long distance telephone service, satellite networks, data communications, facsimile, teleconferencing.
Revenue 1981: \$5.26m

TYMSHARE

Computer services company. Operates Tymnet data communications network.
Revenue 1981: \$289.7m

RCA COMMUNICATIONS

Overseas voice/record and domestic satellite services carrier.
Revenue 1981: \$269.8m.

GRAPHIC SCANNING CORP.

Operates nationwide data network and radio paging.
Revenue 1981: \$65m.

HUGHES COMMUNICATIONS

Operations include satellite leasing, terrestrial microwave network.
Financial data n.a.

SOUTHERN PACIFIC COMMUNICATIONS

Operates long distance communications network in U.S. GTE has bid \$750m to acquire it.
Revenue 1981: \$234.5m.

ITT TELECOMMUNICATIONS

Operates long distance telephone service and international telex service.
Revenue 1981: \$370m (worldwide).

CYLIX COMMUNICATIONS SERVICE Co.

Satellite data communications network. Purchased by RCA in October 1982.
Financial data n.a.

VITALINK COMMUNICATIONS CORP.

Operates satellite data communications services. Owned 25 per cent by Western Union. 19 per cent by Hillman.
Revenue 1981: \$4m.

Research: Rivka Nechama

networks but will have to pay an "access charge" to connect with them, just like the specialised carriers. The latter will also be entitled to better quality local circuits than in the past, and the complicated prefix codes which their subscribers now have to dial will be simplified.

But in the longer run, as access charges are loaded in-

creasingly onto subscribers, the advantage is likely to tilt more in AT&T's favour. It will have room to cut its long-distance tariffs substantially after the break-up, removing the price "umbrella" under which its competitors have flourished. At present, more than one third of its long-distance revenues are used to subsidise the local rates charged

by the Bell operating companies.

Edelson believes that the difference between AT&T's long-distance charges and its rivals' tariffs will narrow from an average of 20 per cent today to as little as five per cent by 1990.

For the specialised carriers, the key to survival almost certainly lies in building bigger and better networks of their own. MCI, which currently relies on its own microwave relays and AT&T circuits to serve about 1m customers in 250 U.S. cities, plans to lay 4,200 miles of optical fibre cable across the U.S. It claims that its network, for which the optical fibres are being purchased from Northern Telecom, will be both cheaper to build and more advanced than similar systems planned by AT&T.

Meanwhile, GTE, the second largest telephone company after AT&T, is expanding from its local telephone base into long-distance communications. It is building a satellite system, has bought Telenet, a data transmission network, and is bidding for

Southern Pacific Communications, which operates an inter-city telephone service.

Its planned acquisition of Southern Pacific is, however, opposed by several other companies. They argue that the principle behind the AT&T break-up—that a vertically integrated company should not be allowed to control both local and long-distance services—should be applied to GTE. MCI says that if the acquisition goes ahead, it may decide to bid for local telephone companies, on which it relies to connect its subscribers.

Many carriers, including MCI, have also been studying ways of bypassing the local telephone network altogether in urban areas. The main options are to use low-power microwave transmitters, two-way cable television systems or satellites which beam signals directly to rooftop aerials installed on customers' buildings.

The economics of these alternatives are still uncertain. Though local telephone rates are expected to increase steeply—by as much as three times—

after the Bell System is dismantled, it is unclear whether it will be worthwhile to invest in new "by-pass" systems to reach large numbers of subscribers.

The possibility is, however, attracting increased interest among large companies which need to transmit information between a limited number of points on a regular basis. It has come to look even more appealing since AT&T eliminated bulk discounts on private circuits 18 months ago, raising charges by more than 50 per cent.

Freer competition is also encouraging companies to be more discriminating in their choice of communications suppliers. Says Harry Freeman, senior vice president of American Express: "Easier than saying 'Let's talk to AT&T first,' we'll talk in future to anyone who has a better mousetrap."

Telecommunications suppliers are responding by selling their wares more aggressively. For the first time, AT&T plans to market its long-distance service aggressively to households, while several carriers have introduced premium features like computerised controls which route calls along the most economical circuits.

Lower costs are only part of the competitive equation, however. New services based on advanced technology are also bursting onto the market, such as cellular mobile radio, which allows a vast expansion of radiotelephone systems. Regulatory wrangling has delayed the introduction of cellular radio since 1968, but last year the FCC finally got around to handing out the first licences. By 1987, it is estimated that cellular could be a \$3bn business in the U.S.

Another, increasingly promising, market is for specialised networks and services which handle computer data flows. At present, data communications is a relatively small business. It amounted last year to about \$4bn, less than 10 per cent of the revenues generated by all long-distance telephone traffic. But it is growing fast, by almost 30 per cent annually, and by 1985 the Yankee group expects it to be worth almost \$20bn.

Both AT&T and IBM have announced sophisticated "enhanced" network services designed to provide universal data communications by transmitting automatically between different makes of computer. Though they will probably take several years to gather commercial momentum, their longer-term potential appears vast.

"These services will change the whole way in which companies do business," says Christopher Yates, a spokesman for example, a manufacturer could use them to automate his entire ordering, billing and accounts by integrating his computers with those of his customers, his suppliers and his bank. IBM is already working on a scheme to create a comprehensive information system for a group of insurance companies.

AT&T, which is negotiating with British Telecom to extend its new network to the UK, believes that it will eventually prove popular among the fast-growing ranks of personal computer owners. "What you're seeing is really a meteoric growth of little repositories of information," says John Segall, AT&T's head planner. "You'll need something to link them all together."

At present, AT&T is required by law to market its network separately from its long-distance telephone service. The company is pressing for the removal of that barrier, which it says is wholly artificial. It points out that it is already modernising its national telecommunications system with digital technology, which will enable it to transmit voice and data traffic in exactly the same form, as a stream of zeroes and ones.

It may well be some years yet, however, before data transmission becomes a profitable business in its own right. Several carriers have overestimated demand in the past, most recently Satellite Business Systems (SBS), a joint venture between IBM, Comsat and the Aetna insurance group.

When SBS started operating just over a year ago, it expected to make most of its money by beaming huge quantities of computer data via satellite between earth stations installed on the roofs of business customers' offices. But it has already had to change tack and diversify into other types of traffic, including a long-distance telephone service which aims to compete with AT&T, MCI and others.

The twist of events is ironic. IBM is widely believed to have backed SBS originally because it considered that AT&T was hindering the growth of computing by continuing to concentrate too heavily on voice services, instead of providing facilities for high-speed data communications.

Moreover, the supply of U.S. satellite transmission capacity, which was starting to grow scarce in the late 1970s, has suddenly been greatly expanded as a result of more liberal FCC policies. Some industry analysts forecast that a glut may develop in the next two or three years, which would force circuit prices down sharply.

That kind of abrupt change is, however, something that the U.S. telecommunications industry will almost certainly have to learn to cope with. The industry has created almost unlimited opportunities for the application of new technology and price competition. But the same process has also turned what was once a utility into a Los Angeles, highly sensitive to fluctuations in supply and demand.

As Americans like to say, there's no such thing as a free lunch. This is the final article in the AT&T series, a reprint of sections in booklets from available price \$3 from Nicola Bonham, Publicity Department, Financial Times, Cannon Street, London EC4 4FY.

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THE ARTS

Gainsborough saved for Kenwood

The late Gainsborough portrait of the inventor John Joseph Merlin has been acquired by the Iveagh Bequest, Kenwood, by the Greater London Council at a special price of £44,800.

The purchase was assisted by the National Art Collections Fund, the Victoria and Albert Museum and the "Friends of Kenwood" organisation, which raised more than £4,000 in small donations following an appeal.

This is Kenwood's first attempt at a private treaty sale and its most important acquisition through purchase since the formation of the Iveagh Bequest in 1928.

The painting, which has been on loan to Kenwood from a British private collector since 1973, will complement Gainsborough's society portraits and landscapes on show daily from 10 am.

Hunting Group art awards

Scottish painter John Gardner Crawford has won the watercolour prize in the annual art competition sponsored by the Hunting Group of Companies for Below the Cliffs, a study of an abandoned fishing boat. The prize for the best oil painting has gone to Ken Howard for his Self Portrait of South Bolton Gardens.

Both artists received a cheque for £5,000. Their work, along with that of 64 other finalists, is being exhibited at the Federation of British Artists' Galleries until tomorrow, Tuesday.

In addition to its annual awards, the Hunting Group has launched a new art competition for British students taking BA Hons courses in Fine Art.

Chénier and Garibaldi/Milan

Max Loppert

The second new production of the Scala season, *Chénier*, made its way untroubled (unlike the first *Erasmus*) by any sign of audience disapproval. The opera has not been given here for more than two decades, and one felt, in the noisily enthusiastic reception accorded the handsome scenic and musical execution, a mass unguaranteed for the piece being palpably assuaged.

The renewed taste for Giordano's most famous opera (in this country also) is easy to understand: in an age yearning for the safe and the certain in art, it is the "well-made" opera par excellence. The influence of an earlier and far more powerful work, Puccini's *Manon Lescaut*, tells strongly. In Giordano's framing of various situations with careful applications of period pastiche (choral divertissements, minuets, gavottes before the onset of Revolution, "La marseillaise" and *Le Marseillais* touched on there after), Illica's libretto drops names in the manner of a Hollywood historical spectacular, and shows similarly promiscuous, ill-defined sympathies—the aristocrats and the revolutionaries are both alternately good and bad, depending on the immediate direction in which audience emotions need to be pulled.

And the music, attractive in its detail, sometimes broad in the sweep of its melodies (no want of big moments), appropriately placed and timed), Puccinian genius, the flame of inspiration that could see slight dramatic tissues quite as finely in the immediate as in the distant, *Chénier* (and in the case of Puccini's most successful operas, emotionally warped this), and yet admit to the enormous pleasure that in a performance such as the Scala's, fervently conducted by Ric-

cardo Chailly, the opera so readily and consistently gives Chailly's way with the score was the unassuming yet magisterial control of the best Italian tradition. Every effect was underlined, every climax urgently proclaimed. With lesser singers the momentary style must inevitably result in vulgarity; but the Scala orchestra unleashed its most brilliant blaze of tone, in a way that justified every one of Chailly's hot-headed interventions.

In the 1950s, when *Chénier* was a Scala specialty, the principals were Del Monaco (and later Corelli), Tebaldi or Callas, Bassiglioni. The current leading trio is lighter casting, as the current reduction in the world's supply of large-voiced opera voices inevitably dictates. Given the slight dimensions of all the solo outpourings, the choice of singers is largely irrelevant. José Carreras seized every one of Chénier's phrases with a warmth and a sensitivity that transformed their cardboard imagery into real poetry; he was romantic, courtly, elegant. Only in the top notes pressed in the search for extra tonal weight, beyond their natural safety point did the role appear to strain the tenor's resources unwisely.

To Maddalena's music Anna Trovati-Silvestro, a Mozart and Wagner spinto, brought tones cooler than those of tradition, but also a simpler, less *prima donna* manner; she is an artist at once natural and affecting. Piero Cappuccini's immense assurance and reliability made much but not everything of the most rounded role of the opera, the servant-turned-republican leader Gérard. Among the opera's many rewarding smaller roles, it was pleasant to see again Kathleen Kuhlmann, recently admired in the Covent

Garden *Somele*, here taking her chance so attractively as the mullish Bersi. Carlo Galati's *Abbi* and Walter Quilino's *Incorruptible* were two exact, and ideally Italianate, compatriots of a kind that transpire performance have of necessity to do without.

The production, by Lamberto Puggelli in the designs of Paolo Bregni and Luisa Spinalelli, combined an appropriately conventional narrative manner with helpful borrowings from more recent scenographic invention. From the famous Salzburg Ponnella Hoffmann came the choral tableaux sinking and rising from the stage floor, the stanchioned facades on trolleys grouped and regrouped for each new situation. The Revolutionary Tribunal scene was a muddle; to the rest the fluid and colourful production style was excellently suited. Energy was well and purposefully spent on this *Chénier* revival.

At the same time, energy was being wasted, and fruitlessly, in the production style, as on a La Scala production of *Giordano's Addio Garibaldi*, Arrigo (b.1930), the leading Italian avant-garde composer (and current director of the Teatro Massimo, Palermo) first compiled this pageant of Garibaldian anecdotes and half-baked "contemporary" reflections thereupon for the 1972 Paris Festival d'Automne. A decade later it returns with a chunk of its second act removed, but with its impact much as described by its first critics—a handful of amusing and brightly gathered episodes subsumed in a flood of posturing and musical arcana, unfolded at a pace of mortifying slowness. The reason for the enterprise, and for so generous a subsidy of a great theatre's resources, was to put it mildly—obscure.

Architecture/Colin Amery

Blooms in the desert



Centre of 'Pedestrian City'. Architect: Roger Ferri

It is no secret that the search is on for new forms of architecture. This is an entirely healthy and natural occurrence and I find it surprising when people regard this quest as some form of attack on "modern architecture". Because it is no secret that I regard architecture as an art, which in its highest form, must be subject to growth, change and development. Artistic development is not always related to social and political questions and although architecture has to respond to the climate and needs of the day it is also concerned with the fundamental requirements of art.

The principal requirement is that imagination and the human spirit should be enabled to soar into a world of reality where the medium of art, architecture is unique because it is one art form that surrounds all our everyday activities. It is therefore not surprising that one's spirits are lifted higher in Venice than they are in London's Oxford Street.

In the search for new forms and a new language some critics and some architects have adopted the standpoint known as "Post-Modern". This is something I have never wholly believed there is a continuity in architectural growth that has little to do with dividing its development into artificial periods that serve the critics rather than the art itself. The new significant developments are those which are clearly serious in their search for a language of architecture that has some meaning. The random adoption of snippets of classical style or the exaggeration of the functional elements into an aesthetic of its own are two of the blind alleys that have diverted some architects.

On a recent visit to the U.S. I was very conscious of the fervent nature of the search for an architecture that links with a value system that is as much social as aesthetic. The difference between New York and London is that in New York, some architects believe that

architecture is a social art. It is not social engineering that motivates these architects, rather it is a recognition that art has an intrinsic social purpose—to nourish the human spirit.

Roger Ferri is one of the important younger architects based in New York who is engaged in this vital search. He starts his architectural practice from an involvement in the basics of art. He is a painter who still regularly works in the studio, drawing and painting from the model. This establishes his habitual awareness of the human form. While this consciousness of the body can lead to a futile search for physical perfection (a dangerous American disease)—it also does provide a baseline for the development of an architecture that is in touch with humanity as its first priority.

Nature is the other source of ideas that occupies Ferri's mind. He believes that integration with nature is one of the answers to our search for happiness in this troubled century. In architectural terms it is important. The danger is that if the commissions do not come it will never be possible to demonstrate that these new ideas are buildable and realisable.

We need more architects and artists like Roger Ferri who are prepared to tackle the problems of our environment with skilled commitment of eye and hand. Where are the clients who want to show the world that the architecture that gives rein to

our emotional as well as our intellectual needs for expression. Is it all youthful fantasy, an extension of flower power, an unreal vision?

I am confident that it is the beginning of something new and important. The danger is that if the commissions do not come it will never be possible to demonstrate that these new ideas are buildable and realisable.

We need more architects and artists like Roger Ferri who are prepared to tackle the problems of our environment with skilled commitment of eye and hand. Where are the clients who want to show the world that the architecture that gives rein to

Art in Edinburgh

These things are hard to plan just right: a visit to the Scottish Sculpture Workshop, at Lumsden in furthest Aberdeenshire, arranged long ago, and a notable retrospective exhibition of sculpture by David Nash (of which more tomorrow) to take me to Glasgow, afforded the bonus of a day or two in Edinburgh in the interval. But it was an Edinburgh caught at an awkward, quiet time, with no major show to require attention. For the critic that is no real misfortune at all; the change to look not at particular events under the usual pressure of trains to catch and a schedule to keep, but to take instead a calmer, more general view, was a treat indeed.

Edinburgh is not unusual in that it has a capital city's stock of museums and public galleries, but in the Scottish National Gallery it is possessed of a most remarkable treasure of a collection, and one all the more exquisite for being so choice within a comparatively modest scope. Of all great collections it is perhaps the most assimilable, the least overwhelming.

It has indeed one or two special displays current, but none so large that the visitor, having been caught for the moment, is not gentle returned to the larger pool, with its great sequence of Poussin's sacraments, the Trinity Altarpiece by Hugo van der Goe, Gainsborough's Mrs. Graham, the Finding of Moses by Tiepolo, and Rubens and van Dyck, Rembrandt, Titian, Constable and Raaburn. Larger masterpieces easily

command attention, but it is in the quality and range of the smaller works that the favour of this particular collection is to be savoured at its most poignant: a dark El Greco *St. Peter*; a Chardin pot of flowers; a Fête Vénitienne by Watteau; a Vuillard candlestick; a Pissarro kitchen garden; the Madonna, Child and Saints by Lorenzo Lotto; and so much else.

And there are the Turner watercolours that, under the terms of the Vaughan Bequest, may only be put on show in January when the sun should be at its weakest (it would need to be strong indeed ever to penetrate the gallery's new watercolour cabinet). They give a splendid quick run through Turner's career, besides taking the breath away repeatedly, no matter that it might be Durham c1800, green, grey and brown, or Venice in 1840, and the Salute all rose and ultramarine. The other current display is of the work of The Glasgow Boys as represented in Edinburgh's institutional collections. The painters of the Glasgow School (until March 6) deserve more notice than they get for their work was distinctive, if somewhat academic, Whistlerian post-Impressionism, taking the term in its very broadest sense, and as with their colleagues in Newlyn in Cornwall, their unaffected professionalism has much to recommend it. John Lavery, Arthur Melville and David Young Cameron here the best known of them. Edward Walton and James Guthrie undeservedly less so.

If Guthrie is remembered at all, it is as the portrait painter to the larger pool, with its great sequence of Poussin's sacraments, the Trinity Altarpiece by Hugo van der Goe, Gainsborough's Mrs. Graham, the Finding of Moses by Tiepolo, and Rubens and van Dyck, Rembrandt, Titian, Constable and Raaburn. Larger masterpieces easily

Scottish National Portrait Gallery, where the individual studies for his epic composition, *Some Statesmen of the Great War*, now in the National Portrait Gallery, have been put up for an indefinite period—the first time they have been seen in 50 years. All are substantial and accomplished, and highly gathered episodes subsumed in a flood of posturing and musical arcana, unfolded at a pace of mortifying slowness. The reason for the enterprise, and for so generous a subsidy of a great theatre's resources, was to put it mildly—obscure.

Two minor Impressionists were resurrected in their Friday concert. One was Florent Schmitt, a very long-lived composer (1870-1958) whose best work, the *Sept Solistes*, is an *opéra* by some way—once the vogue for late romanticism had passed, he declined into small, playful doodlings like this *Suite*. Efficiently played, it was nonetheless dispiriting business, with a harp part that might have been for a mere supporting piano, the strings treated en bloc like a hotel orchestra and the flute used squarely for top-line reinforcement.

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'Bluette' by E.A. Walton

more domestic garments to actually wear. Whether or not she brings this rich material to her London gallery remains to be seen, but whatever she decides this is a refreshing enterprise. A certainly brave initiative of hers to extend her operation to Scotland—would that more English dealers follow her lead, for there is much to be gained on all sides should she succeed as she deserves.

Finally, a note to register that the Peter Phillips retrospective, which the Walker Art Gallery sent on tour and I reviewed when it was in Oxford, opens at the Saint-Saëns Council's Fruitmarket Gallery this weekend.

WILLIAM PACKER

Syrinx/Wigmore Hall

David Murray

Syrinx consists of flute, harp and string trio—all excellent musicians, all boasting London Philharmonic connections. Gillian Tingay, the harpist, Gillian Tingay, they have repertoire problems, for the ensemble positively invites lightweight, pretty music (like the staggeringly modest Nocturne they commissioned from Michael Berkeley); but they are assiduous about delving for novelties, and at least they can vary their programmes with duos and trios, not to mention the Mozart flute quartets. Their natural historical ground remains, of course, the Impressionist period.

Two minor Impressionists were resurrected in their Friday concert. One was Florent Schmitt, a very long-lived composer (1870-1958) whose best work, the *Sept Solistes*, is an *opéra* by some way—once the vogue for late romanticism had passed, he declined into small, playful doodlings like this *Suite*. Efficiently played, it was nonetheless dispiriting business, with a harp part that might have been for a mere supporting piano, the strings treated en bloc like a hotel orchestra and the flute used squarely for top-line reinforcement.

fred much of his composing career to conducting (and helping orchestrate) the music of more distinguished contemporaries like Debussy. His *Voyage* proved to be a fresh little river-poem, like Smetana's *Vltava*, Frenchified and miniaturised.

Kodaly's giddy, impassioned Duo for violin and cello made a bracing contrast, delivered with enthusiasm and some virtuosity by David Nolan and Mark Jackson. By far the strongest piece in the programme was Debussy's late Sonata for flute, viola and harp, for which Martin Parry and Anthony Byrne joined the redoubtable Miss Tingay. The performance was impressive, and curiously unselfish. Every bar of this most subtle work was addressed with Beechovian seriousness and humility—no halfhearted, no bald argument forcefully projected. In proportion to the formidable grasp of the work that Syrinx displayed its deceptively casual surface evaporated, I confess I missed it.

BBC appointment

Jerzy Maksymiuk has been appointed the new principal conductor of the BBC Scottish Symphony Orchestra. He takes over his position later this year.

La Fin du jour/Covent Garden

Clement Crisp

The revival of *La Fin du jour* on Friday night brings back to the Covent Garden repertoire one of Kenneth MacMillan's most elegant and most audacious ballets. The pursuit of pleasure is a serious matter, yet to show it with the proper lightness of touch, to preserve the bloom on frivolity, is a notable achievement. MacMillan's abusive choreography seems as glossy and evanescent as the fashionable '80s figures he celebrates; he preserves them, idealised, idealised—in a choreographic sense of nostalgia. They are the *beau monde* of Cap Ferrat or Hollywood, forever beautiful and at ease, awoken for an instant from the pages of *The Bystander* or *Vogue* by the dazzled eye of an observer from across the chasm of the 1940s. *La Fin du jour* is an exercise in romanticism, showing us dream creatures as palpable as Fokine's apathy, but this does not minimise the skill and apeness of a language which presents marionette figures turning, twisting, striking sporty attitudes as corbus to the central quartet of Merle Park and Jennifer Penney, Wayne Eagling and Julian Hosking.

Amid the glittering play that surrounds them, these four incarnate both an amused approach to their time and also its life-style. Its artefacts and machines. They are Art Deco objects as modish as Molyneux frocks and Ruhlmann furniture, cinema interiors and chromoliths. MacMillan's choreography is a delicate, ingenious, refracting light and ideas like a Cartier jewel of the period—becomes a homage to that age, matching the jazzy wit and controlled lyricism of the Ravel G major piano concerto. Friday night's cast was excellent, with Miss Park's mondanité and Miss Penney's fluent, silken dancing especially fine.

The evening—an unusually well-balanced triple bill for the Opera House—had begun with *La Bayadère*, notable for Wayne Eagling's passion and broad-spanning power as a Solor who now deserves to be seen in the full-length ballet, and for Delia Ender's ravishing account of the first Shide's solo.

The succeeding *Prodigal Son* found Ashley Page as a superb hero, with all the bursting energy needed for the first scene and the intensity of suffering at the end which maintains the role's proportions as its physical outline shrinks and its feelings deepen. A new Sirey was excellent. Whitten, a most gifted dancer with a clear, true technique, who seemed at odds with the menacing sexuality of a role.

Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

January 21-27

Music

LONDON

Swedish Radio Symphony Orchestra conducted by Yevgeny Svetlanov with Paul Turello, cello, Edgar and Dvorak, Royal Festival Hall (Mon), (9233191).

Cecile Chessel, piano, Beethoven, Liszt, Chopin, Faure and Debussy, Queen Elizabeth Hall (Mon), (9233191).

Royal Philharmonic Orchestra conducted by Antal Dorati with Jean-Philippe Collard, piano, Debussy, Ravel and Stravinsky, Royal Festival Hall (Tue).

The Fires of London conducted by Peter Maxwell Davies and John Caven with Mary Thomas, soprano, Maxwell Davies, Queen Elizabeth Hall (Tue).

London Philharmonic Orchestra conducted by Bernard Haitink with Maurizio Pollini, piano, Mozart and Mahler, Royal Festival Hall (Wed).

English Chamber Orchestra conducted by Gustav Kuhn with Isabel Buchanan, soprano, Mozart, Queen Elizabeth Hall (Wed).

Philharmonia Orchestra conducted by Simon Rattle with Ann Murray and Alfreda Hodgson, mezzo-soprano, and John Nicholson, tenor, Mahler, Royal Festival Hall (Thur).

Bernard Roberts and Yolande Wrigley, pianos, Mozart, Tippett and Bax, Purcell Room (Thur).

Rossini Scott's Fifth Street Trumpet or Humphrey Lyttelton and his band, All week.

Avery Fisher Hall: New York Philharmonic

Giuseppe Sinopoli conducting, Malcolm Frager piano, Busoni, Mozart, Schumann (Tue), Zubin Mehta conducting, Yehudi Menuhin, violin, Mozart, Schoenberg, Elgar (Thur), (9742424).

Merkin Concert Hall (57th W. of Broadway): New York Pro Arte Chamber Orchestra

conducted by Raffaele Adler with soloists Ralph Evans violin, Michael Rudolph cello, Robert Johnson French horn, Marybeth Erving viola and Menahem Pressler, piano, Bach, Talmann, Seymour Barab (world premiere), Grieg, Bartok (Tue), (3527119).

Orchestra Hall (220 S. Michigan): St. Louis Symphony

conducted by Jacob Berg lute, Peter Bowman cello, George Solti, director, George Solti, director, Weber, Mozart, Prokofiev (Tue); Chicago Symphony, Henry Mazer conducting, Ferris Acclamation for Organ and Orchestra (world premiere), Honnegger, Ravel (Thur), (4351122).

Lieder recital: Mozart, Brahms and Strauss (Wed).

PARIS

Warsaw's Grzywna Benewicz quartet: Beethoven, Kraus, Smetana (Mon), Radio France, Grand Auditorium, (2303060).

Ensemble Orchestral de Paris conducted by Kurt Redel, Paul Eswood, counter-tenor, Yves Callo, cello, Vivaldi, Bach (Tue, Wed), Salle Gaveau, (5632080).

Novel Orchestre Philharmonique

conducted by Robert Soust with the Radio France choir, Jolyet, Saint-Saëns (Wed), Saint-Germain-Des-Près church, (2603184).

Orchestre de Paris conducted by Daniel Barenboim with Irena Barykina, Wagner's *Siegfried*, Saint-Saëns, Brahms (Wed, Thur), Salle Pleyel, (5638730).

Novel Orchestre Philharmonique

conducted by Emmanuel Riviere, Gerhard Oppitz, piano, Faure, Liszt, Haydn (Thur), Salle Gaveau, (5632030).

Concert Lamoureux - Raymond d'Arco, Roger Caboc, Beethoven, Brahms, Strauss (Thur, Sat and Sun), Salle Pleyel, (5638730).

VIENNA

Musikverein (658118): Lucia Popp, soprano, Schubert, Schoenberg and R. Strauss (Mon); Vienna Symphony Orchestra conducted by Gennadi Rozdoryevsky, Sostakovich, Prokofiev, Mozart and Brahms (Wed and Thur).

Konzerthaus (72121): Edita Gruberova, Soprano, Irwin Gage, piano.

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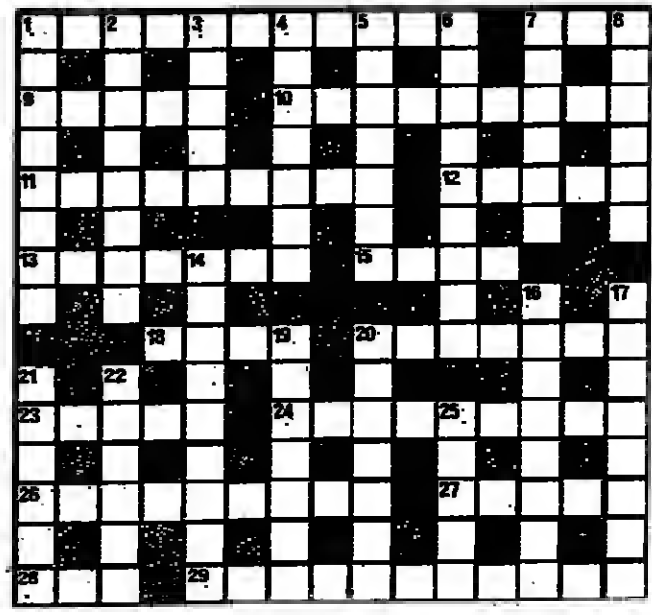
F.T. CROSSWORD PUZZLE NO. 5,079

ACROSS

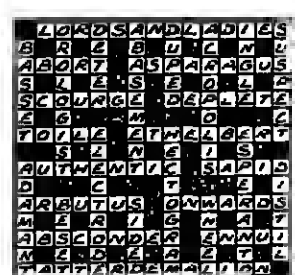
- Absorbing business offer (4,4,3)
- The odd drink (3)
- In skill the French sentry should be (5)
- China has a poor start to the game (9)
- Complicated to work out (9)
- Showy fair lady? (5)
- It makes a man keen on money, and a woman on food (7)
- Husband to rescue! (4)
- Support man with a record (4)
- Jewish father (7)
- A fight in the neighbourhood (5)
- Lack of restriction enjoyed by Pinocchio (2,7)
- Looking for loose change, sir? (9)
- Sounding cheerful in North-umbria (5)
- Port or whisky (3)
- Kept wondering? (4,2,5)

DOWN

- The difference between imports and exports (5,3)
- Not only don't come, but prevent others coming (4,4)
- Excel in striking a note (5)



Solution to puzzle No. 5,077



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Monday January 24 1983

U.S. tax plans for the 1990s

IT MAY seem eccentric to suggest that we in Britain could learn valuable fiscal lessons from the U.S., but before long it could be true. At the moment American fiscal policy is in a fearful mess as Mr. Paul Volcker, chairman of the Federal Reserve, pointed out in a speech three days ago. The deficit is projected at \$185bn for fiscal 1983 and in future years will rise inexorably towards \$400bn or more on present policies. The President, who was elected on a programme combining tax cutting and rearmament, has so far been unable to bring himself to face the unpleasant decisions to put things rights.

The question is in some ways even more urgent than Mr. Volcker suggested because it is not only a matter of concern to Americans. President Reagan is repeating exactly the mistakes Republicans were so ready to condemn in President Johnson. He is trying to cover the military budget by borrowing. The fact that President Johnson was fighting a war while President Reagan is stockpiling weapons in order to avoid a war is of course a very large difference politically, but in economic terms it makes very little difference. Military expenditure contributes marginally to the economy whether the ammunition is fired or not, and is a totally unproductive outlet for the nation's savings.

In a world of free capital movements in which commodity prices are normally denominated in dollars, this strain on potential production becomes world-wide. America's trading partners face the unpleasant choice between importing the inflation which results from unfunded military spending, by allowing their currencies to depreciate against the dollar, and allowing American fiscal pressure to crowd out their own investment recovery, keeping their interest rates in line with those of the U.S. Real interest rates are again near their all time high and the weakening of the dollar which would relieve this situation is hesitant and flimsy. A better balanced U.S. budget, a matter of urgent concern to the whole of the West.

If we look beyond the present borrowing crisis, however, the picture is bleak. The Americans are beginning to study some really radical reforms of taxation and expenditure planning, to prevent such crises arising in the future. According to Dr Martin Feldstein, President Reagan's

recently appointed Chief Economic Advisor, the possibilities under review include an expenditure tax and a flat rate income tax.

Dr Feldstein is also an expert on other radically new taxes so far as British and American taxes are concerned—such as a land tax which is actually in use in countries as varied as Denmark and South Africa and in some U.S. states, and is still thought of as an untold novelty. Furthermore the Administration and the Congress are near a compromise on social security spending which should prevent the burden of state finance pensions becoming intolerable as the proportion of old people in the population rises.

There is a sad lack of long-term thinking of this kind in the British official machine. At the moment Ministers may feel rather complacent about fiscal policy. The British deficit is like the American is tending to undershoot rather than overshoot official plans, and in this respect the medium-term financial strategy looks safe. However, the Government is supposed to be planning for its second term of office and during that term North Sea revenue which has helped so much in reducing the deficit, will be falling rather than rising. The same time the increasing number of old people and the growing problems of the cities, will be putting a heavy strain on expenditure. It is certainly not clear that the British tax system as it is run at present, can take this strain.

So far as an expenditure tax is concerned, we have the advantage of the thorough and imaginative Meade Report from the Institute of Fiscal Studies which has been quietly gathering dust since it was published. This outlines a comprehensive expenditure tax which would encourage savings, in the long run save on administration, and wipe out the distinction between income and capital which is such a source of complexity and evasion in our present system. It might raise more revenue relatively painlessly, and also abolish some of the rules which make it so difficult to revive the corporate finance market.

Such proposals need study in depth. The present government is supposed to be bursting with ideas, but a second term of office, and it is certainly not short of tax expertise. It is much to be hoped that its ideas like those now being studied in the U.S. will be addressed to the problems it will face in a second term.

Job security in academia

WHILE ACADEMIC staff of universities have conventionally been viewed as having tenure of their jobs until retirement, the legal standing of the tenure is uncertain. Any university would find it costly to clarify its position through the courts, perhaps dangerously so in the case of Aston and others whose income was cut sharply by the University Grants Committee as part of the Government's economies in public spending.

It is therefore understandable why the threat of legislation by the Association of University Teachers led Aston's governing council to reverse its decision to permit academics to be dismissed. But although the reversal avoided the costs of legal costs, it does nothing to secure the university's future.

The vice-chancellor has told the council that voluntary departures would still leave the institution with about 30 academics too many to make ends meet. If room were also to be made to build up promising small departments, some 40 dons needed to go. But it is not only Aston's own emerging academic strengths and possibly survival that the council has risked by bowing to the challenge of the dons' union.

Without dismissing academics many if not most other universities will be unable to achieve the balance of studies organised for them by the Grants Committee in its 1981 plan for reshaping the university sector. However questionable otherwise, the plan had a broad aim which made sense. Despite heavily cutting Aston and some other institutions emphasising technology, the committee intended to push the balance of higher educational activity more towards engineering and other studies directly applicable to industry.

The balance had shifted the other way from the mid-1960s when applied sciences of various kinds constituted 20 per cent of UK students completing bachelor's degrees or the equivalent in subjects other than medicine, dentistry and veterinary science. Since 1976, however, the proportion has stayed at around 17 per cent.

Britain's balance is markedly

different from that of West German higher education which, although costing less as a proportion of gross national product, has a comparable percentage of the population enrolled as students. Of new graduates in 1978, engineers and technicians alone constituted about 28 per cent of Germany's non-medical output, but only 15 per cent of the British counterpart. Since there is no cogent evidence that German higher education is now inferior in academic and other cultural achievements, there is a sound argument for more emphasis on directly applicable studies in Britain.

But the effect of UK institutions' restricting themselves to voluntary departures of academics as a means of reducing the emphasis on applied study even from the low-level sustained since the mid-1970s. In like other subject departments which expanded mainly over the previous decade, departments of engineering and technology had their major growth some 10 years before. Their staff therefore tend to be older and so eligible for the more generous levels of compensation offered by the voluntary redundancy scheme for which the Government is giving the universities extra funds. Such dons also find it easier than most of their counterparts to obtain rewarding consultancy work if not full-time jobs elsewhere. The consequent loss of staff is causing several engineering and technology departments to consider reducing their intakes of students.

If a further lurch in the balance is to be averted, tenure needs to be challenged. The role of government would necessarily be limited. It would be wrong even if politically practicable to abolish tenure by retrospective legislation.

For the future, the institution should no longer let tenure be assumed to be a normal condition of employment of dons once they have passed the first stages of their careers. Universities should be free to grant it to outstanding staff if they wish, but the award of tenure should be the exception, not the rule.

IF YOU ask the man in the street whether the street be in Manchester or Mannheim, how we should tackle the unemployment problem, the chances are that somewhere in his reply he will mention early retirement, shorter working hours, or both.

It is not difficult to see why. Ten years ago both these objectives were being pursued on social grounds, and there is a popular sense of justice in the old yielding to the young, the employed to the unemployed. But, of course, it is not as easy as that. If you eliminate one job, you do not automatically create another. Indeed, broadly speaking, you will be lucky to create half a job and more likely one-third at a time of rising productivity and stagnant demand. And even some of the jobs you create, perhaps a third of them, will be taken by the non-registered unemployed, further reducing the political appeal of the action.

Then there is the cost. Actually calculated, German social security contributions will need to double in the next 50 years to meet existing commitments on old age pensions. And with non-wage labour costs over 40 per cent of payroll, German employers are already screaming that they can afford no more.

In Belgium and the Netherlands, the sticky moment has almost come when business have had to be cut to make ends meet. In France, Unedic, the joint employer-union-Government dole fund has just collapsed, in part under the weight of a misguidedly generous early retirement plan.

In Britain, the Commons Social Services Committee has just made a modest proposal to phase in a unified retirement age of 63, having been warned off more radical ideas by official estimates that retiring pensioners will come to 10 million by the year 2031 and that to cut the retirement age to 60 would cost an immediate £2.5bn. Pensions and associated benefits already consume 17 per cent of Britain's public expenditure.

When it comes to shorter working hours, the arguments are no less intense. Employers throughout Europe complain that fewer hours would mean higher costs, lost competitiveness, and so on. The fewer jobs, Europe's trade unions, meanwhile, have for long united around a goal of a 35-hour week (a 12.5 per cent cut for most meaning no loss of earnings).

The sense of fitted a natural stalemate on the subject is compounded when you explore the academic findings. An immense, three-part study on working time, based on company surveys, by the Anglo-German Foundation concluded that shorter hours would be unlikely to create jobs. And a host of econometric studies in different countries found that cutting hours substantially, say by 10 per cent, would certainly produce short-term employment gains, but researchers disagreed on whether these gains would be sustained over time as the competition factor crept in.

The British Treasury's model (studying a two-hour cut) assumed 75 per cent of the potential employment gain would be absorbed by the country's uniquely overtime-hungry workers and by productivity. Only in the case where workers accept a matching pay cut was a durable cut in the unemployment figures (of 260,000) achieved.

different from that of West German higher education which, although costing less as a proportion of gross national product, has a comparable percentage of the population enrolled as students. Of new graduates in 1978, engineers and technicians alone constituted about 28 per cent of Germany's non-medical output, but only 15 per cent of the British counterpart. Since there is no cogent evidence that German higher education is now inferior in academic and other cultural achievements, there is a sound argument for more emphasis on directly applicable studies in Britain.

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Unemployment in Europe

Part three of a four-part series

Why shorter hours are here to stay

By Ian Hargreaves

HOURS WORKED PER YEAR

| | Belgium | Denmark | Germany | Italy | UK | France |
|------------------|---------|---------|---------|-------|------|--------|
| 1972 | 1758 | 1703 | 1776 | 1668 | 1965 | 1976 |
| 1978 | 1550 | 1676 | 1680 | 1520 | 1940 | 1882 |
| 1978 | 1527 | 1709 | 1715 | 1443 | 1949 | 1735 |
| % change 1972-78 | -12.1 | +0.3 | -3.5 | -1.5 | +0.2 | -9.7 |

Source: Eurostat

A model run by two German universities, however, found that maintaining wages and therefore demand are the key to maximising employment effects in this area, since such pressures induce employers to be more efficient.

The fact that the evidence is confused, however, scarcely discourages partisans from using it. Herr Karl-Otto Pohl, president of the Bundesbank, pointed out recently that German working hours (see table) were already lower than those of the U.S. and Japan. "Too much is said about the impact on increasing employment, which any way is in doubt, and too little about who should and who can carry the costs," said Herr Pohl. Or as M. Jean Sole, secretary-general of Belgium's Federation des Petites et Moyennes Entreprises, has put it: "The countries with the longest hours are those with the strongest economies."

In these circumstances, it may seem remarkable that there has been such a steady drop in EEC hours (from 41.5 hours a week in 1975 to 40.7 hours in 1978) and that during the 1970s Belgium, the leader in this field, cut hours by 16 per cent.

So far as early retirement is concerned, the pattern of change has varied greatly from country to country. At government level, Sweden six years ago created one landmark precedent by establishing the right to a partial pension for part-time working for 60 to 64-year-olds. Offering 65 per cent (since cut to 50 per cent) of previous earnings, take-up was extremely high and the levy on employers which funded it has had to be doubled. A survey suggested that just

under half of the working hours "lost" to industry were made up with new employment.

The Germans, with a less strong "right to work" approach than Sweden, went for a vigorous early retirement strategy after the first oil shock, so that Germany now has only 25 per cent of its male over 60s still in the workforce (see table for comparisons). Four out of five Germans retire earlier than the official state age of 63, all of them on generous (65 to 70 per cent of earnings) pensions.

Dr Gerhard Kuhlwind of the Federal Labour Research Institute (IAB) in Nuremberg argues that a further cut in the retirement age to 55 would produce 440,000 vacancies. The Chemical Workers Union has

affirmed his commitment to lowering the retirement age. The Chancellor, however, has suggested early retirees should have a lower pension which would then be topped up by the state from the money it saves from lower unemployment benefits.

This leadership from the state has, no doubt, also been a factor in encouraging phased retirement deals in a number of over-manned, capital-intensive businesses, such as brewing and tobacco. Siemens recently announced a phased retirement scheme for over-55s, on the grounds that such a course is cheaper than the DM 125,000 to DM 300,000 going rate to buy a German worker into complete early retirement. Last year, 55 per cent of Siemens retirees departed on early retirement schemes.

The theme of German developments has been echoed in many other countries. In Britain the Government has

hacked, and will probably shortly expand a scheme to pay higher pensions to older people who leave their jobs to make way for an unemployed person. Early retirement on generous terms is available at 63 in the Netherlands, although in that country, as in Sweden, there is broadening of definitions of disability to include many long-term unemployed has led to the fact that almost three-quarters of the over-60s are receiving disability benefit—another way of keeping the unemployment numbers down.

France meanwhile, made the mistake of offering such generous pre-retirement pensions (the Garantie de Ressources) that it will actually save money next year by reducing the pension age to 60

already suggested a possible 1 per cent cut in real wages to fund such a scheme, but other major unions, such as the metalworkers, are more interested in pressing their claim for a shorter week in this year's contract negotiations.

The SPD's official line is to cut the pension age to 55 and Chancellor Kohl has already re-

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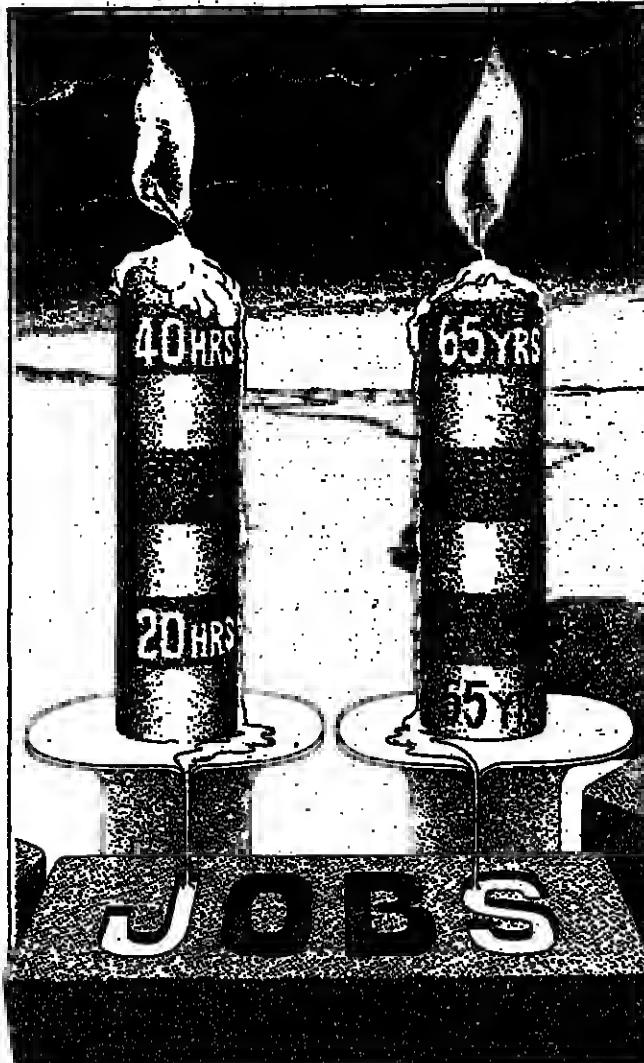
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the Ampere-based subsidiary of a Swedish railway equipment company, concluded what the Government considers a model agreement by negotiating a 35-hour week, new shift patterns, a 5 per cent drop in real wages except for the lowest paid, a 15 per cent increase in jobs and limits to absenteeism.

This approach of going for a sharp one-step cut in hours, rather than a phased cut, certainly is the most productive from the employment viewpoint, but it only works for capital intensive companies where new shift patterns can intensify equipment utilisation. Last year's cut from 40 to 39 hours in Britain's engineering industry is widely considered to have created new jobs, although the French Government claims the 70,000 jobs created by its one hour cut have been important in stabilising the country's unemployment rate — the only EEC country to achieve this since July.

In the Netherlands and Belgium the election of Conservative governments has done nothing to deflect the state from pursuing similarly dirigiste policies.

In Belgium a similar debate has been stimulated by the theories of Professor Paloutz of Louvain University, who argues that by working seven days a week with six-hour shifts, men absorbed and produced more because older machines would be abandoned. This has contributed to the Government's official policy of trying to persuade unions and employers to trade a 5 per cent cut in hours for a 3 per cent cut in real wages. M. Michel Hansenne, the Labour Minister, says he has no doubt that these cuts will be achieved and prove durable.

"The drop in requirement for labour is definitive," he says.

The Dutch Government is pushing along a similar line and recently backed with subsidies a deal between Vroom an Dreesman, the retailer, and its workforce for retirement at 57, a phased-in 36-hour week and a 2.5 per cent real pay cut. KLM, the airline, and several other companies have also concluded shorter hours or job splitting deals and the Government itself has cut to 33 hours the week for entrants to the civil service. Job-splitting has been tried, very successfully according to the company, at GEC of Britain and the Government recently agreed to a small subsidy plan to persuade others to follow suit.

It may be that Britain's extraordinary tradition of part-time working, to give job getting its more mundane title, makes the country fertile ground for this approach. Mr Christopher Johnson, the Lloyds Bank economist, has recently proposed that the Government structure its tax cuts next year to foster part-time work, which he believes could reduce unemployment by 2m. Britain already has 44 per cent of all part-time workers in the EEC and is slowly blocking a European Commission initiative to tighten up the contractual rights of these workers.

If, come the 1990s, there is a labour shortage, as many still argue, Europe may come to regret this pattern of change. But there is little doubt that the unemployment crisis has kicked Europe into one of those quantum leaps in the organisation of working time which, sooner or later, will catch up with most of us.

Previous articles in this series were in the FT of January 7 and January 17.

Men & Matters

On their metal

There is little more than the single letter in the names to distinguish Alcan from Alcoa as the aluminium industry shows signs of recovery after recession.

The two leading companies of the world aluminium industry have been pacing each other since they split in the 1920s. Alcan, the Canadian company, has been gradually gaining ground on Alcoa, its former U.S.

Now the results of the two giants for 1982 are in. And you have to go to three significant figures to distinguish them in terms of sales.

Alcoa, with world sales of \$4.67bn, topped Alcan with \$4.64bn — although the American company argues that its lead would be more impressive if it consolidated the \$340m sales of its 51 per cent-owned Australian subsidiary.

Whereupon Alcan retorts that the lead would be less impressive if Alcoa's revenues on property sales (unspecified) were taken out of the calculations.

Both companies are on common ground in that they would rather not talk about their earnings in these difficult times.

Alcoa managed to be just in the black with a nominal \$10.6m net income. But it acknowledges that foreign exchange gains and real estate profits were the factors that kept it from joining Alcan in the red. Alcan's net loss was \$58m.

On production Alcan has surged ahead in the last year having smelted nearly 1.3m tonnes of aluminium compared with Alcoa's 1.1m tonnes. And that gap is likely to widen.

The Canadian company is continuing to build on its low-cost electricity supplies in Quebec, while Alcoa, perhaps making a virtue of necessity, says it is concentrating upon upgrading

its metal rather than upon quantity.

The last word must be awarded the Americans. "Alcan has a need to feel it is the biggest," one Alcoa man sniffs.

Cold pork

One of the last comforts left for reluctant dieters has been a refrigerator late at night or early in the morning.

Not any more if a little device from the United States catches on. It is a refrigerator alarm system. As the door opens the door is bowed over by a recording of pigs dining at a trough. "Oink! Oink! Oink!" goes the fridge. The dieter, if he or she has any finer feelings left, retreats in embarrassment.

It costs \$14.95 and I see that to order it from a firm in Boston you simply dial PIGS. By the way, you should ask for an Oinkulator...

Converted

Some three years ago Dr Peter Howard was having a hard time from opponents of his scheme to lay a 2,000 megawatt electricity cable under the channel between England and France for swapping surplus power.

Opponents objected to the converter station be wanted to build at Sellingle in Kent. They alleged it would be as big as Canterbury cathedral and would be a noisy intrusion into their rural bliss.

Howard, director general of the transmission division of the Central Electricity Generating Board, countered by claiming that noise from the station would be "less than the rustling of leaves in the trees."

And, being an assuring chap, he made a rash boast to an FT man, which I duly reported. If it stained glass windows would



"The sky is falling—the sky is falling..."

help his antagonists except his tower, then he would put in stained glass windows.

Now that the project has been given the nod by public inquiry and is progressing well Howard has decided to honour his pledge, although it was made in the heat of the moment.

He has organised a competition among CEGB apprentices for a stained glass window design which will be incorporated into the 90-foot tower.

Salmon rules

Hens' teeth are more plentiful than fishing opportunities on Britain's best salmon rivers.

So the egalitarian in me cannot but help applaud the initiative of the Atlantic Salmon Trust which is working hard as the watchdog body to preserve the species on this side of the Atlantic.

The trust has reasoned that a likely source of revenue is to be found by — paradoxically — inviting more people to catch salmon.

Several of the owners of prime salmon fishing waters including the Balmoral Estates, Captain Alynwyn Compton Farquharson of Inverisland, Lord Thurso, The Buccleuch Estates, Sir Rupert Buchanan-Jardine, and Sir Marcus Kimball, MP, have donated fishing ranging from a single cast for one day on a small stretch of river up to five rods for a week.

Postal bids are being asked for to the Atlantic Salmon Trust, Farnham, Surrey, and an auction for the fishing is to be held after the bidding closes on February 22.

It is clear from the specifications of the various beats on offer, and the restrictions specified by owners, that salmon fishing is nothing if not individualistic.

A prime requirement on the Aberdeenshire Deor one beat is that the water must be fished in a fair and sportsmanlike manner and such tricks as spinning may be "only as advised by the guide."

Sir Marcus is providing a ghastly free of charge while insisting his water may be fished by a man and a woman "but not two men."

Paper chase

A freebooting cowboy strides into the sheriff's office of a small town in the wild and woolly West. "Sheriff," he drawls, "I'm a bounty hunter by trade. You got any two-bit villains round these parts you want invited to a necktie party?"

"Sure do," replies the sheriff. "Strange kinda feller, dresses in a brown paper suit, brown paper shirt, brown paper boots, brown paper hat and carries a brown paper gun."

"Hell, sheriff, what's he wanted for?" "Rustling."

Observer

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Nuclear
From the FT of 24-25 January 1983
The UK's nuclear power programme is being reviewed by a committee of experts. The committee will report on the safety, economics and environmental impact of nuclear power. The review is part of a broader government strategy to reassess the role of nuclear energy in the UK's energy mix.

Trust in real money
From the FT of 24-25 January 1983
The UK's financial system is being reviewed by a committee of experts. The committee will report on the stability, efficiency and transparency of the financial system. The review is part of a broader government strategy to reassess the role of the financial system in the UK's economy.

Take-up in pension
From the FT of 24-25 January 1983
The UK's pension system is being reviewed by a committee of experts. The committee will report on the sustainability, adequacy and efficiency of the pension system. The review is part of a broader government strategy to reassess the role of the pension system in the UK's social security system.

FOREIGN AFFAIRS

Mr Bush's Euro-dilemma

By Ian Davidson

WESTERN EUROPE has seldom, if ever, attracted more solid attention than it is attracting right now. It seems like only yesterday that we had Mr George Shultz, the American Secretary of State, sliding round the continent on casters, pouring oil on troubled waters, and generally consigning all contentious issues to low-profile study groups. Last week, Mr Andrei Gromyko, his Russian opposite number and a smoothie if ever there was one, devoted four intensive days in West Germany to stirring up trouble again. And at the end of this week, we shall see Mr George Bush, the American Vice-President, on another ten-day tour of European capitals, trying to undo the damage caused by Mr Gromyko.

A propaganda game and the audience that matters

of Mr Eugene Rostow, until recently the head of America's Arms Control and Disarmament Agency. No doubt the primary objective of Mr Bush will be to rally Europe's Nato flock once more within the confines of the twin-track alliance policy on Euro-missiles, which they adopted just over three years ago: to go ahead with the deployment of new American missiles in Europe from the end of this year, unless the Russians agree in the Geneva negotiations to get rid of the medium-range SS 20 missiles which they have already deployed.

The trouble is that it is very difficult to see what Mr Bush can say at this stage which is likely to do any good, and anything he says in public on this issue, which fails to do good, runs a serious risk of doing harm to the political cohesion of the alliance.

For the game, at this stage, is a propaganda game. The audience that matters is not Mrs Thatcher in Britain or

Chancellor Helmut Kohl in Germany, who both remain firmly committed to the Nato policy enunciated at the end of 1979, nor the British Ministers of Holland and Belgium, whose more evasive postures are unlikely to be stiffened by the sequence of Mr Bush, the audience that matters is European public opinion, and most acutely the electorate of West Germany, which goes to the polls in just six weeks' time.

Strike one against President Reagan and his right-wing advisers is that they have too often alarmed public opinion in Europe by loose talk about controlling and even winning nuclear wars.

Strike two against Nato is that the Russians have 330-odd SS 20 missiles on the ground, whereas Nato is only threatening to deploy new Cruise and Pershing II missiles. The Russians have only to talk loosely about removing some of their missiles from western Russia, and it sounds to nervous Natives in western Europe as if Moscow is being frightfully moderate, even though most of the Soviet missiles would still be in range of western Europe and could in any case be moved smartly back again at any moment.

Strike three hasn't happened yet: much depends on whether George Shultz makes any serious mistakes on his coming European tour. From here, the result of the West German elections looks wide open, and if by chance the Social Democrats should get back into power, they would be liable to prove much less staunch supporters of the official Nato posture on the Euro-missiles than the Christian Democrats. For this reason, it is a racing certainty, first, that the Geneva negotiations will remain an empty charade at least until after March 6, and second, that in the meantime, the Russians will pressure the propaganda pressure to influence the election result.

Ever since Yuri Andropov's installation as Leonid Brezhnev's successor, the Russians have been making a big effort to put across the impression that they are being reasonable, with respect to nuclear arms control. But it is obvious that the seriousness of Soviet



ANDREI GROMYKO Stirring up trouble
GEORGE BUSH Rallying Europe

To appear flexible without departing one iota from the U.S. position could be tricky

intentions can only be tested at the negotiating table in Geneva. The Soviet proposal to limit the SS 20s in western Russia may be an encouraging straw in the wind. But as it stands, the Soviet position treats the Euro-missile question as a zero-sum game: zero American missiles, and some Soviet. However, the situation eventually evolves, that is not a position which the U.S. can possibly accept right now.

The dilemma facing Mr Bush is that he must try to find something new to say in his European speeches, so as to give the impression that the U.S. Administration is being reasonable, without actually departing by one iota from the

existing American and Nato position. That could be a pretty delicate trick to pull off.

One solution could be for him to concentrate attention on arms control issues other than the Euro-missile question. The recent Warsaw Pact communiqué urged negotiations to ban nuclear weapons, tests, to prohibit chemical weapons, and to prevent the deployment of weapons in outer space. All three of these notions deserve a positive response, and a comprehensive test ban would represent an impressive change of heart in Washington.

Even if Mr Bush cannot indicate any change in the U.S./Nato position on intermediate-range Euro-missiles, he might be able to put a more construc-

tive gloss on that position if he were to make the right arm-control noises about other short-range nuclear missiles and artillery stationed in Europe. There is a growing consensus among strategic analysts, which is explicitly reflected in the recent defence "white paper" issued by the British Social Democratic Party, that the very short-range battlefield nuclear weapons (the dangerous and destabilising. The SDP argues that they should be removed entirely, unilaterally, if Europe, and that in the first instance they should be withdrawn at least 150 km from the West German border.

The idea of reducing alliance dependence on nuclear weapons generally has received strong support from General Bernard Rogers, Nato's top commander, and Nato has already unilaterally removed 1,000 of the 7,000 nuclear weapons formerly held in Europe. Mr Gromyko last week casually offered to negotiate cuts in shorter range nuclear missiles in Europe, and that is an offer which should certainly be explored.

In practice, of course, the chances of Mr Bush being able to offer anything new on any of these issues must be pretty slim. Changes in Nato policy on nuclear weapons held in Europe require alliance-wide consultation, and therefore take time. The U.S. committee established to review American nuclear policy, in the wake of the rejection by Congress of the MX missile, is still sitting and does not report until the middle of next month, a week after Mr Bush returns to Washington. It looks like Mr Bush will have to make do with the cards already on the table, and these may not be high enough to take any political tricks in Europe.

The stakes are pretty high. Just how high can be gauged from last week's extraordinary spectacle of the French president urging the Bundestag in Bonn to stand fast by the twin-track decision (to which France is not a party), on the grounds that the planned Cruise and Pershing II missiles are an essential link between Europe and the U.S. strategic deterrent. That is strong stuff from a country whose own nuclear policy has been based for the past 16 years on national inde-

pendence and dissociation from the Nato organisation and the U.S.

If the Americans were to lose the propaganda war, and the next German government were to succumb to pressure from the anti-nuclear protesters, the Nato position could start to unravel very fast. If the Germans collapsed, Mrs Thatcher's government could be left as the only one prepared to start deploying the new weapons. At that point, the entire policy would be in a shambles, whatever Mrs Thatcher decided to do.

Militarily, such a failure would not necessarily be a disaster. Professor Michael Howard, the doyen of strategic commentators, has described, in his recent David Davies memorial lecture, the twin-track decision as "a totally unnecessary piece of over-insurance," given all the other nuclear weapons at the disposal of the U.S.

The political consequences of a German collapse, on the other hand, would be of quite a different order. The alliance has survived crises before, and no doubt it could survive a new one; but the joker in the pack this time is called Ronald Reagan, and it is hard to predict the reaction of the angry men on the American Right.

The joker in the pack is called Ronald Reagan

But the most puzzling question is this: why are the Russians pressing so hard? To break the will of the Germans would be quite a coup. But have they really measured the consequences of redistributing income to favour of profits, reducing real labour costs relative to non-European competitors, and improving performance generally. The possible policies range all the way from pay controls, either on their own or to back up devaluation, to a Thatcher-type "resolute approach," via employment subsidies, reduced social and insurance contributions and energy taxes, which would make labour using methods more profitable than

ferent order. The alliance has survived crises before, and no doubt it could survive a new one; but the joker in the pack this time is called Ronald Reagan, and it is hard to predict the reaction of the angry men on the American Right.

Some good sense from Brussels

By Samuel Brittan

IT IS enormously reassuring when one's own favourite obsessions are found to be shared by a completely different person in a different place and with a different angle on events.

My own obsessions over the past few years have been (a) the need for real wage adjustments to price people into work, and (b) the need for an objective for nominal demand — i.e. Money GDP — to guide the conduct of monetary and fiscal policy. There is nothing original in either of these ideas, which have long had distinguished academic support. It is a very green comfort to find them accepted and developed in detail by Mr Michael Emerson, the Director of Macroeconomic Analyses of the EEC Commission.

Mr Emerson takes as his starting point the figures in the highly revealing and under-published Commission's Annual Economic Report 1982-83. These reveal a remarkable contrast between the 40 per cent growth in employment in the U.S. in the last two decades, the 30 per cent growth in Japan and the 2 per cent growth in Community countries. This is a much greater discrepancy than can be explained by demographic factors. The recent rise in unemployment in the U.S. suggests that there is "a shared cyclical problem" on both sides of the Atlantic. Nevertheless, "Europe has a longer and deeper structural employment problem on top of all."

The author attributes the discrepancy to relatively high labour costs and rigidities which "have encouraged capital-deepening an labour-saving technology and discouraged small-scale employment creation or service sectors." Mr Emerson sets out a menu of policies for redistributing enterprise income to favour of profits, reducing real labour costs relative to non-European competitors, and improving performance generally. The possible policies range all the way from pay controls, either on their own or to back up devaluation, to a Thatcher-type "resolute approach," via employment subsidies, reduced social and insurance contributions and energy taxes, which would make labour using methods more profitable than

Some of the most promising actual instances of labour market flexibility are to be found "in the small business sector of Central and Eastern Italy in which improvised organisation and family participation seem to be the keynote." A flexible approach to labour costs, which has succeeded in maintaining employment, has also been recently shown in the very different institutional structure of the Mendragan industrial co-operatives in the Spanish Basque province.

There is a direct link between holding back real wages and the introduction of official objectives for total spending or Money GDP. If only the first is adopted, there is a risk that the beneficial effects of pricing labour into jobs—which are gradual and long term—may be swamped for a crucial year or two by the demand-reducing effects of lower spending by wage earners. Forecasting models are not well designed to throw light on such issues and the unions will make use of some quite legitimate fears to campaign against the exercise.

Simply targeting "intermediate" variables such as money supply or public sector borrowing "leaves too many open gambles as regards what will happen to activity and employment." The targeting of nominal GDP will provide a safety net, it might thus "avert some of the perils of over-reliance on intermediate financial targets, without incurring the dangers of accommodationary financial policies." Thus it would seem an escape from the "expectations trap" by which policy "is immobilised because of the credibility losses that its more flexible management might risk incurring."

The European Stagflation, Directorate General for Economic and Financial Affairs, II-C.

Letters to the Editor

Nuclear cost-benefit

From the Financial Adviser to the CEBG

Sir—In a letter published on January 17, Dr Fitzgerald says that none of the evidence published to date in respect of the CEBG's application to build a PWR at Sizewell suggests that any rigorous cost-benefit study of a nuclear power station has been carried out. He then lists a set of questions which suggest he has not read the evidence in any great depth.

For example, he asks more than once what discount rate is assumed. The answer is 8 per cent and the reasons for choosing this rate are set out in CEBG Proof of Evidence P4, paragraphs 25 to 29; in brief it is the opportunity cost of capital as defined by the Government in Cmnd 7181.

He asks about the potential cost of storage and disposal of nuclear waste. The answer is in Proof 9, Tables 11 ff. For example 0.1 p/Wee for Sizewell B in a typical case.

Trust in real money

From Mr Owen Curtis

Sir—Last week I bought two Roman coins with the head of Victorinus, AD 268-270 clearly visible. This made me think that the tendency to computer and paper transactions of money and the printing of paper money may lead to a loss of credibility. Even a mild local holocaust could cause chaos.

There is a saying that if you pay pennies all you get is monkeys. The trend to pay workers by bankers' drafts may lead to reduced motivation from the workforce. I suggest that more coinage, including a £10 coin with gold in it, be issued.

Recent changes in payment of wages have benefited office staff who do not like the notes involved. At least the notes were a motivation for work: if it is tangible it makes more impact. 53, Victoria Avenue, Hull.

Take-up rates in pensions

From Mr Leslie N. Moss

Sir—Messrs Massey and Bayless (Letters January 15) make the point that many of the voluntary contribution (AVC) pension schemes have a very low take-up if the scheme is not actively communicated to members.

It has been my experience that take-up rates are closely related to the type of AVC

He asks if the costs include the potential cost of decommissioning and dismantling nuclear power stations. The answer is given in P4 and P4 paragraph 27: a present value at end of useful life of £50/kw giving 50.8/kw pa.

He asks if the CEBG has "factored the potential cost of nuclear accidents into its cost-benefit analyses." The answer is that the safety measures taken to reduce such a cost to insignificance in the design of the station are set out in P10, paragraphs 548 to 555, and included in the costs given in P8 where the total cost of the station is put at £1,127m.

Alternative sources of energy are dealt with in P8 and P4 section 8: at the current state of development no renewable energy source is considered to be as good an investment as a PWR.

P. E. Watts, Sudbury House, 15, Newgate Street, ECI.

scheme. Many schemes allow the purchase of "added years" of service on a predetermined scale. (The NHS scheme is typical in this regard). Particularly when they are related to an insurance contract, it seems that schemes of this type are not well understood by members, especially as they cannot easily evaluate the cost-effectiveness of such schemes.

AVC schemes based on a regular savings contract with, for example, a building society are by contrast clearly comprehensible to members, who are able to relate the return on this investment to their personal savings. The task of explaining such a scheme to members is simplified considerably.

Leslie N. Moss, Cockman, Copeman and Partners, 9, Stiple Inn, High Holborn, W.C.1.

Disputed value of Opren

From Mr Nicholas Metcalf

Sir—With reference to the recent BBC Panorama programme concerning the arthritis drug (Opren), I feel it is relevant to point out that in criticising the drug and its manufacturer the programme made no reference to the support the drug has received from the medical community, witnessed by the fact that between June 19 1982 and December 11 1982 considerable material has been published in the British Medical Journal and the Lancet favourable to the drug. Therefore I feel in the in-

Unwanted NZ butter

From Mr Anthony Rosen

Sir—Britain, in the guise of Mr Peter Walker, seems once again to be assuming an impervious posture in EEC negotiations.

Firstly he is insisting on the further importation of large quantities of totally unwanted and unnecessary New Zealand butter. The EEC is more than self-sufficient in butter and to lead a further 87,000 tonnes to this market is the height of economic madness. The New Zealand government needs help to support its agriculture for it cost their consumers some £50 a head in 1982 to subsidise their sheep and beef farmers to enable them to produce and market their products competitively; it should be remembered that the current cost of the

Common Agricultural Policy is about £21 per head.

The gratitude we owe to New Zealand for its co-operation and support in two world wars, and indeed the recent Falkland crisis, must be rewarded but we cannot afford the cost to Britain of the concessions we have to ourselves of helping partners to import their surplus butter. Let us buy it and ship it directly from New Zealand to the needy of the world. Better still let us lead our experts to New Zealand to help them find new markets for themselves. Anthony Rosen, Chief Executive, Fenian Farming, West Amesbury, Salisbury, Wiltshire.

test of fairness of reporting should be made and no reference to this material or interviewed doctors who want the drug brought back onto the market for restricted use, neither of which they did. This leads one to conclude that the programmes were almost entirely one-sided and inaccurate in the whole.

Nicholas Metcalf, 16, Church Row, N.W.3.

Mistrust of insurers

From Mr Christopher J. Green

Sir—While I am sure we are all grateful to Mr Francis Perkins (Chairman, Insurance Brokers Registration Council) for drawing to our attention the Insurance Brokers (Registration) Act 1977 and the statutory code of conduct which entitles a proposed client to ask for details of the commission paid on any particular contract, I strongly suspect that the public at large are completely unaware of this right and, unfortunately, will remain so.

Mr Perkins, while defending his members and attempting to assure us that everything is fine (and that presumably there is no need for any further action) merely highlights the reason for the public's current mistrust of insurance brokers, insurance companies et al.

Might I suggest that a more useful code of conduct would be one that required brokers to voluntarily state the level of their commission received without the need to ask. This would go some way towards regaining the public's confidence in the impartiality of his profession. Christopher J. Green, 77, Oakdale Road, Downend, Bristol.

Electricity prices to industry

From the Director General, Chemical Industries Association.

Sir—We naturally welcome the offer of the South of Scotland Electricity Board (January 9) "a concessionary deal" that the SSEB is offering an equally attractive deal with the load management scheme, to that which is available south of the border. Clearly, at present, there is a wide gap between the perceptions of the supplier about the attractiveness of the SSEB "deal" and those of certain member companies who are SSEB's customers. Even in a monopoly supply situation we would expect a supplier to be interested in how things appear from the consumers side of the table.

Thus to help resolve this difference, we have accepted an invitation to meet the SSEB, when we hope we can discuss not only this particular issue of load management terms but also the broader question of competitiveness of industrial electricity supply in the south of Scotland compared with that in England and Wales and in the rest of the EEC.

If this meeting leads to a reconciliation of the present differences of perception, we shall of course hope that it is possible to let your correspondent, Lucia Rapoport (who first raised the issue)—have an agreed appraisal of the facts of the situation, since these are clearly of concern to a wide range of industrial electricity users in Scotland.

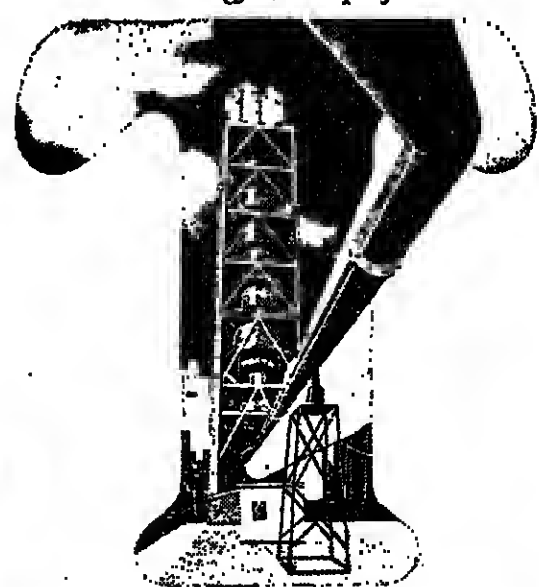
Martin E. Trowbridge, Chemical Industries Association, Alchemie House, 53, Albert Embankment, SE1.

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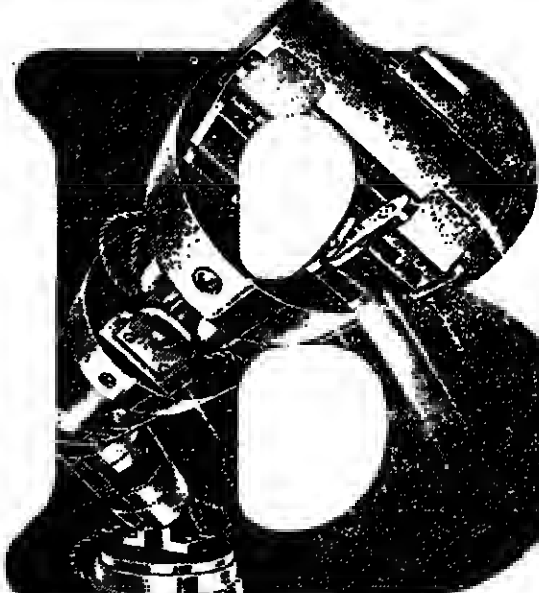


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SIGNS OF U.S.-ISRAEL SPLIT OVER LEBANON WITHDRAWAL TERMS

Habib tries to break deadlock

BY DAVID LENNON IN TEL AVIV

MR PHILIP HABIB, the special U.S. Middle East envoy, met in Jerusalem last night with Mr Menahem Begin, the Israeli Prime Minister, and other senior officials amidst signs of deep differences between the U.S. and Israel over the terms for an Israeli withdrawal from Lebanon.

The meeting was a final attempt by Mr Habib to break the deadlock before returning to Washington to report to President Ronald Reagan on his peace mission. Lengthy and intensive discussions last week between the American diplomat and Israeli leaders failed to produce any agreement.

Jerusalem now fears that Mr Habib will blame Israel for the lack of progress and that this could lead to a further deterioration of relations with the Reagan Administration.

Israel insists that in return for withdrawing its troops, it must be allowed to man three surveillance stations in southern Lebanon and has rejected the idea of having the spy stations operated by American personnel.

Israel also wants to conduct air and sea surveillance of Lebanon; it wants UNHCR, the United Nations troops, moved out of southern Lebanon, and a special status for the Israeli backed forces of rebel Lebanese Major Saad Haddad. In addition, Jerusalem wants a detailed, written agreement on normalisation with Lebanon before the withdrawal.

Mr Habib has tried to persuade the Israelis to soften these demands, arguing that they were impossible for Lebanon to accept. But the Israelis have accused the U.S.

diplomat of influencing the Lebanese to reject these terms.

An Israeli official yesterday accused the U.S. of adopting a very tough stance in the negotiations in order to impress the Arab states and particularly King Hussein of Jordan who is considering entering into peace negotiations with Israel. Dr Yehuda Ben-Meir, the deputy Foreign Minister, denied reports that Mr Habib had issued veiled threats to impose the American terms for a settlement. He admitted that there are differences of opinion on a number of points, but added: "I don't think there is any crisis."

However, at yesterday's Cabinet meeting General Ariel Sharon the Defence Minister, said Israel should brace itself for all-out American pressure. An unnamed official in Jerusalem was cited as saying



Mr Philip Habib: final attempt that acceptance of the U.S. position would prevent Israel from achieving its war aims in Lebanon. Pressure on UK over Lebanese aid, Page 3.

Opposition grows to site missiles in UK

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

PUBLIC OPPOSITION to the siting of cruise missiles in Britain is growing, according to two new opinion polls, but a majority of the public is still against unilateral nuclear disarmament by the UK.

The polls, carried out by Marplan for The Sunday Times, show that the majority of the British public still favours the retention by the UK of an independent nuclear deterrent, while it disapproves of the proposal to go ahead with the new Trident system and is critical of U.S. policy, especially over cruise.

These preferences do not exactly match the policy proposals of any party. The nearest overlap is with the multi-lateralist wing of the Labour Party, represented by Mr Denis Healey, its deputy leader, and Mr Peter Shore, its economy spokesman, and the leadership of the centrist Social Democratic Party/Liberal Party alliance.

The new findings appear as pressure is growing within the SDP/Liberal alliance for a commitment to a freeze on new nuclear deployment. Members of the 450-strong Council for Social Democracy, the SDP's "parliament", are being intensively lobbied by post by unilateralists and opponents of cruise, ahead of a vote on the issue in Newcastle this Saturday.

The findings also underline the dilemma faced by Mrs Thatcher, the Prime Minister, and Mr Michael Heseltine, her new Defence Secretary, in trying to win public support for deployment of the new U.S. medium-range missiles.

The main points to emerge from the poll are that:

- opposition to siting of cruise missiles in Britain has grown since April 1981 from 50 to 62 per cent (Marplan) and is 54 per cent now (Mori);
- support for the abandonment of nuclear weapons by Britain has dropped from 23 to 21 per cent since 1981 (Marplan). Almost exactly the same figures and trend are shown by a Mori question on unilateral nuclear disarmament, with growing

support for the independent deterrent.

● significantly more women than men are opposed to the siting of cruise missiles in the UK, an outcome in part influenced by the recent women's demonstrations at Greenham Common, one of the proposed sites for the missiles.

● a massive majority (93 per cent, according to Mori) favours joint UK/U.S. control of cruise missiles in the UK - the "dual key" approach - rather than sole U.S. control.

● the nuclear issue may change votes, particularly amongst the young and Alliance supporters (according to Marplan).

There has been a lively debate within the SDP/Liberal alliance on the nuclear issue. SDP leaders are watching apprehensively to see how big a challenge there will be at the Newcastle meeting to the official line of hoping that it will not be necessary to site cruise missiles in Britain, but accepting the missiles if there is no agreement at the Geneva disarmament talks.

An attempt to push the alliance towards a commitment to a nuclear freeze is made today in a pamphlet from Mr Tom McNally, a Social Democrat MP, and Mr Richard Holmes, a leading Liberal and political adviser to Mr David Steel, the party's leader.

The pamphlet - entitled Freeze - calls for a mutual and verifiable freeze on the testing, manufacture and deployment of nuclear weapons. Britain should propose a freeze on the deployment of cruise missiles by the West and a reduction in the numbers of SS20s held by the Soviet Union as a response to the recent Andropov proposals.

This plan has already been broadly backed by the Liberal Party's council. While most SDP leaders support many of the pamphlet's detailed suggestions, they do not agree with a freeze commitment ahead of the Geneva talks. "Freeze - an Alliance for Peace," Poland Street Publications, 9 Poland Street, London W1, 95p.

Nakasone wins backing for defence changes

Continued from Page 1

As Mr Reagan's strong commitment to arms control and said he was intent on pursuing a peaceful settlement to the long-standing territorial dispute with the Soviet Union over the Kurile Islands, off Japan's Northern coast.

He also reported that he had been able to bring about greater understanding in Washington of Japan's political problems, in meeting U.S. trade demands.

But if Mr Nakasone was able temporarily to satisfy his own party at the weekend, he must also turn his attention to his Asian neighbours, whose nervousness about an enhanced Japanese military role is well known.

The Malaysian Prime Minister, Dr Mahathir Mohamad, arrived in Tokyo for an official visit last night, having expressed considerable reservations to the Japanese press in advance.

"If the defence is extended to mean defence of the sea routes to Japan, including defence of the Straits of Malacca as part of the defence of Japan, then we feel fear," Dr Mahathir said.

Japanese newspapers also reported extensively a weekend editorial in the People's Daily of Peking suggesting that Mr Nakasone had gone beyond his political predecessors in stating that the Japanese-U.S. relationship had a military connotation.

FINANCIAL TIMES

Monday January 24 1983

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UK move to crack down on financial frauds

By John Moore in London

THE BRITISH Government, City of London officials and departments responsible for the UK police force are attempting to improve the methods of detection and prosecution of frauds.

Last week, a committee headed by a Treasury representative, including officials from the Bank of England, the Home Office, and the Department of Trade, met to consider how to stop the growing incidence of fraud within London's commercial community.

The move, believed to be the first meeting of the committee, follows a series of major City scandals involving licensed dealers in securities, commodity firms, stockbroking firms, and more recently, companies within the Lloyd's of London insurance market.

Two City of London Fraud Squad inquiries are underway into the affairs of two major Lloyd's insurance brokers.

Mr Michael Mischke, leading opposition Labour MP who has been critical of the way in which the self-regulatory powers of Lloyd's have operated in recent months, said yesterday that he welcomed the new initiative.

The City of London Police Fraud Squad has often been hampered in its inquiries by the growing internationalisation of fraud. Deals are carried out between one country and another, in areas where the British authorities have no jurisdiction and moreover in areas where extradition might prove impossible. Fraud, while suspected, may be difficult to prove.

As commercial fraud has become more complex, the police argue that they need more expert support from tax specialists and accountants. They are also worried by the growing number of unsuccessful prosecutions which are brought against alleged fraudsters in the UK.

The issues involved in a fraud prosecution are highly technical and are not often understood by a jury in a criminal case. City authorities are now questioning whether a jury system of trial is appropriate to deal with complex fraud cases.

All these issues are to be studied by the new committee in an effort to tighten up the City's system of self regulation.

Last December, the superintendent of insurance for New York, Mr Albert Lewis, urged the British authorities to take tougher action on the question of fraud.

In a letter to all members of Parliament he said, "The best method of preventing fraudulent activities is the greater use of criminal prosecution under the powers presently existing in your country. The alleged hesitancy to prosecute complex insurance fraud must be related by criminal prosecution."

Lloyd's is studying ways in which the information which comes into its possession can be more widely used with other insurance authorities, particularly in the American market, in an effort to stamp out fraud.

U.S. aims to stimulate economy

Continued from Page 1

into a rather restrictive monetary policy in 1982. "The present record unemployment might have been avoided 'had we had a more precise monetary policy,' he added.

He also acknowledged that interest rates had been driven up by fears about the Administration's budget deficit. Even if the market's response to these deficits was unwarranted by economic reality, the Administration had accepted that "perceptions have now become a reality."

Fears that huge deficits would mean higher interest rates among investors in Wall Street and also in Europe and the Far East had prevented interest rates from coming down in the U.S., Mr Reagan said.

This was why the Administration had been forced to consider the plan for higher taxes in the years beyond 1983. However, these taxes would not be imposed until "way in the future so they would not interfere with the necessary economic stimulus this year," Mr Reagan repeatedly said.

Strauss calls zero option 'unattainable'

BY JONATHAN CARR IN BONN

THE Western aim of a "zero option" - under which the Soviet Union, in exchange for the U.S. deploying no cruise or Pershing missiles in Europe, would destroy all its intermediate-range nuclear missiles - is "unattainable," according to Herr Franz Josef Strauss, the Bavarian Christian Social Union (CSU) leader.

He said this weekend he believed that the most to be expected from the superpower negotiations in Geneva was that Moscow would agree to give up at least some of its SS-20 missiles.

That meant it was virtually certain that the West would have to provide "a qualitative and quantitative counterweight," Herr Strauss added, in a reference to plans for deployment of new U.S. missiles in Europe if the Geneva talks fail.

The CSU leader, whose party is in coalition with Chancellor Helmut Kohl's Christian Democrats (CDU) in the Bonn Government, said the union was making this point clear to voters even before the election day of March 6.

In another statement this weekend, however, Herr Alfred Dreger, leader of the CDU-CSU group in the Bundestag, made clear he was sticking to the "zero option" aim. "We want no missiles at all, neither American nor Russian," he said.

Concern over U.S. nuclear safety, Page 2; Technical reports, Page 10

Opec struggles in bid to set output quotas

Continued from Page 1

any deviation by Venezuela from its budgetary plan to produce nearly 2m b/d this year and export 1.8m b/d could result in imposition of foreign exchange controls, devaluation of the bolivar, and even the risk of a possible default. The Government is already attempting to reschedule some of its debt and can hardly contemplate any such measure in an election year.

The Venezuelan position remains that it will abide by an equitable system of quotas if other members do so and refrain from discounting. Real underlying demand for Opec oil is estimated by some of its leading experts to be 10m to 20m b/d. It is thought that the shortfall in supply has been made good by a further rundown of stocks at a rate that cannot continue indefinitely.

At the same time, there is general recognition that a lower reference price could only result in a marginal increase of Opec's market share at the expense of other producers, in particular the UK and Mexico.

Moreover, a lower reference, while being in Opec's long-term interest, would increase the tempta-

tion of some members to produce more and to cut prices - requiring discipline on both fronts. That could be enforced only by the threat of Saudi Arabia opening the taps as it did from the beginning of 1979 to the autumn of 1981.

Publicly only Dr Mana al Otaiba, the United Arab Emirates' Minister of Oil, has acknowledged the possibility of the conservative Arab producers of the Gulf realigning, with what would be expressed in Opec parlance, as a "downward readjustment."

Asked about the possibility of such a reduction before the meeting, he replied: "The possibility is always there because we are dealing with a commercial commodity."

Dr Otaiba said that he would like to see an agreement on quotas, whether at a price of \$34 a barrel. Looking ahead, he forecast a drop in demand for Opec oil of 2 to 3 per cent from the 18.5m b/d average in 1982, with actual production dropping to 10m b/d or even 15m b/d with the summer seasonal run-down.

Scala mobile agreement reached

Continued from Page 1

nally budgeted will be about £3,500bn (£2.5bn). The settlement has at least temporarily increased the chances for survival of Sig Fandant's seven-week-old government.

The fragile political peace had also been threatened by an employers' warning that they would unilaterally stop paying indexed wage rises if the scala mobile was not reformed.

Sig Gianni de Michelis, State Industries Minister, yesterday declared the agreement "the most important document on industrial relations and policy for years."

● The scala mobile is based on an index of prices of basic commodities. It began at 100 in 1973 and each point on the index was worth £2,358, representing one per cent of the average worker's basic monthly wage at the time.

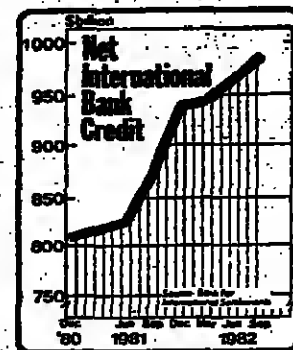
Every three months the index was recalculated - it now stands at 335 - so for every one per cent by which prices rose each employee obtained 3.35 times £2,358 - or £8,000 - in his monthly pay. Under the new system the index is to be wound back to 100 and the value of each point on the index has been set at £6,900 - or 15 per cent less than a one per cent rise in inflation produced under the old system.

Because the payments are added to everyone's wage equally, irrespective of his basic pay, a low-paid worker who paid no tax ought to be fully compensated for inflation, while a higher-paid worker would get much less protection.

In practice virtually all workers pay tax and social security contributions on their scala mobile payments so that even for low-paid people the degree of effective protection is less than 100 per cent.

THE LEX COLUMN

Banks spread their profits



The international banking crisis has left banks out of favour among the investing community. The Bank of International Settlements last week reported an actual decline in new lending to non-Opec developing countries for the third quarter, although the trend is likely to have reversed subsequently. At the same time, the U.S. bank reporting season got under way, with some of the big money-centre banks showing strong earnings gains for 1982.

The debate on how genuine these profits are is getting into full swing, and the U.S. banks are adopting different accounting procedures on bad - or non-performing - debts.

The greatest conundrum is how to treat loans out to sovereign borrowers like Argentina and Mexico, which have rescheduled. Shorn of the technicalities, this looks an all or nothing game. If a major borrower like Mexico defaults then the degree of provisioning will be irrevocable. If the international lifeline, that has been established in the last half year is successfully maintained, then the banks' income stream is assured, although the maturity of their assets may be longer than they had planned.

As banks' perception of risk has increased, spreads on international lending have been widening, and this should eventually show through in profits. At the same time the capital base of the international banking system may be under some pressure, which should boost spreads further in the medium term, if borrowing demand continues to grow.

The loan portfolio to countries on the "problem list" now approaches \$200bn, which compares with the published equity capital of the top 100 banks of \$150bn. With figures like this in mind, there was something near panic in the banking community in the weeks after Mexico announced a moratorium of repayments in August. Subsequently the central banking authorities have proved capable of marshalling a concerted response. Although there have been complaints, the international banks have co-operated in a simultaneous move to reschedule debt, to produce new loans and to maintain their presence in the inter-bank market.

The list of countries seeking rescheduling is still expanding, and there will no doubt be further shocks in coming months as the list grows further. But some discipline has been established and, even though the Opec surpluses are a thing of the past, liquidity remains healthy. Mexico and Brazil are both within 10 per cent of their targets for arranging fresh loans this year of \$3bn and \$4.4bn respectively. So while lending to non-Opec developing countries may have fallen in June-August, it should be rising again by the current quarter. Barring new shocks such as a fall in the oil price, renewed recession or a squeeze on international liquidity - none of which can be safely ruled out - it looks as if the lifeline is stable.

The banks have seen a deterioration in the quality of their loan assets generally, and their response over the last year has been to raise spreads. Mexico is paying an extra 1 per cent on a year ago, for instance, while even top names may be paying an extra ¼ per cent and more. The improvement to profits takes time to come through, since the new debt will often replace loans negotiated several years ago, when spreads may have been higher still. On rescheduled debt, however, higher rates can come into play for significant chunks of existing loans with immediate effect - good for cash flow at least, even though the impact on profits will depend on bad debt treatment.

Capital/asset ratios in international banking have been falling for decades, but supervisory authorities are now insisting that the decline must stop. Retained earnings are not a significant source of new equity, while withdrawal of some banks - the U.S. regional, for instance - suggests some actual shrinkage in the capital base of the international banking system. Low stock market ratings mean that most banks have preferred to raise loans rather than equity capital in recent years. But many are approaching the end of this particular road; in the UK, Midland Bank's loan capital is now little short of the third of capital base that the Bank of England takes into consideration.

There is a shortage of "good" borrowers from banks at the moment while many are being creamed off by the Eurobond markets. So spreads remain thin at the top end of the market. The capital base constraint suggests that this could change given an easier economic background. In theory profits should rise until the banks' return on capital is attractive enough to allow them to raise fresh equity. Stock market worries over the prospect both for capital calls and for a cautious dividend policy means that the banks' profit performance will have to be all the better in order for share prices to rise.

Bundesbank

Turbulence in the foreign exchange markets is perhaps not a bad excuse to offer for the Bundesbank's refusal to cut its interest rates last week. But it hardly amounts to an adequate explanation. For six months now, the West German central bank has been devoting more attention to the deteriorating domestic economy than to the international financial markets.

The last time the Bundesbank cut its leading interest rates - by a full percentage point on December 3 - the D-Mark was, as it is now, above the 2.40 to the dollar level.

There are, however, important differences between then and now. For one thing, the D-Mark was strengthening in December and the trend is now in the other direction. Most important of all, an election is due on March 6. The Cassandras of the Frankfurt financial markets are arguing that, if the election goes "wrong," which can mean anything from a hung parliament to a Social Democrat Chancellor - the D-Mark could find itself at the centre of a storm on the foreign exchanges as investors who have blithely welcomed Dr Helmut Kohl's right of centre government, suddenly panic.

That would present the Bundesbank with a perplexing dilemma. It could hardly greet the new government with a defensive increase in domestic rates in the middle of a recession. Nor can the Bundesbank, like the Bank of England, claim that it is acting under orders from the government - it is politically independent. The central bank could still raise the rates at its next meeting a week or two on Thursday, but it may well prefer to sit on its hands and see the colour of the incoming government before throwing away its valuable ammunition.

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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Monday January 24 1983

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Eurobond market starts week with \$3bn hangover

BY ALAN FRIEDMAN IN LONDON

THE EURODOLLAR bond market is sitting on billions of dollars of unsold bonds. That is the governing factor, and some bankers would say, the only factor of any importance this morning.

Records have tumbled during the past three weeks - the first \$1bn Eurobond issue, the lowest coupon in two years (for Texaco), the first \$3bn week the Eurodollar sector has witnessed. Yet none of these achievements, if that is what they are, changes the fact that the Eurodollar market is waking up this morning with a hangover.

It is estimated that of nearly \$8bn of dollar bonds launched this month, around half remain unsold. As a result, prices of January new issues are being marked lower and lower - and still it is difficult to find investor enthusiasm.

Last week saw Eurodollar bond prices marked two points down as dealers tried to send a message to new issue managers. The new issue managers refused to listen and pushed out a further \$1bn of new bonds on to an already overburdened market.

Thus it was no surprise that the Texaco 9% per cent bonds should be selling sloppily and at a discount of 3 per cent on an issue price of 99%. Likewise, the BASF \$150m 9% per cent 1989 paper through Deutsche Bank, was finding few takers and was quoted at a discount of 4 per cent from par.

There are numerous other examples of new issues which are simply not being placed or placed only at a slow pace. As the Eurodollar market has been flooded with issues which are priced in anticipation of the next discount rate cut from the U.S. Federal Reserve, a great number of new bonds do not necessarily appeal to investors.

It has been very much a borrowers' market in recent weeks, with cut-throat competition among syndicate managers for new deals. The "machismo syndrome" continues

and the result is that the investor gets short shrift.

One banker involved in the competition for new deals put it this way: "These new bonds have an actual value well below the price they are being issued at. There is a lot of price adjustment which is necessary."

One key reason for the spate of low-coupon issues has been the popularity of partly-paid deals (20 or 30 per cent of the purchase price now and the balance next summer). The major Japanese securities houses have been jointly lead-managing several partly-paid issues and supposedly placing the paper in Japan.

The myth of full Japanese placement was beginning to disintegrate on Friday as it emerged that some of the paper had not actually gone to Japan, and was finding its way back on to the market.

What has happened? Two weeks ago the big Japanese houses were actually placing partly-paid issues in Japan. One week ago it seemed as though the paper was not really being placed any more, London bankers began saying the Japanese were "full up."

Today it seems that the great Japanese placement game is over. Nomura, Daiwa, Yamaichi and Nikko appear to be satiated with joint lead-managements and the flow of paper from Europe to Japan is erratic at best.

Things are not a great deal better in the Eurodollar bond market, where S. G. Warburg last week won the mandate for a \$50m 1991 issue for the EEC. Warburg's winning bid was a coupon of 11% per cent at 99.80.

The market's verdict on this aggressive pricing was seen by Friday when the paper was quoted at 95 to 96, suggesting a yield close to 13 per cent, or put another way, around 60 basis points above the equivalent UK Treasury Stock 11% 1991. The pricing of the EEC deal had provided a yield below the Treasury Stock of 11.32 per cent.

INTERNATIONAL CREDITS

Small borrowers' debt difficulties need rethinking

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

THE CRISIS in international banking may have been brought under control, as many central bankers would have us believe, but last week served as a pointed reminder of how much remains to be done before banks can revert to business as normal.

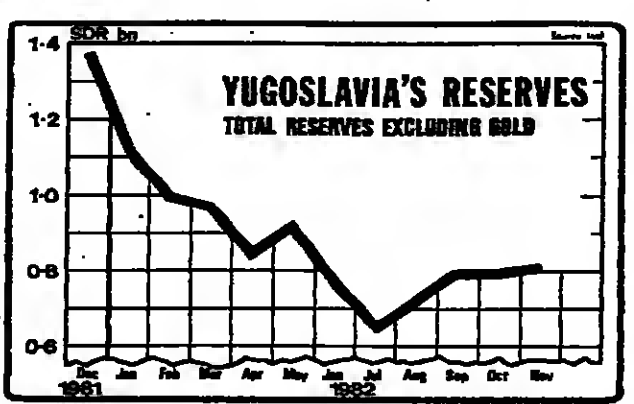
Quite apart from the \$1.5bn safety net arranged for Seafirst Corporation of Seattle by a group of 13 large U.S. banks, it was another week in which the Eurodollar market was dominated more by problems than by new business. The debt difficulties of Chile, Yugoslavia, Venezuela and Romania all hit the headlines for one reason or another.

In each of these cases, the difficulties stem from localised economic problems, generally including serious mismanagement of foreign debt at a national level. But if there is a unifying theme, it is that the problems of these four countries have been compounded by the lack of confidence in the banking system following the upsets caused by giant borrowers such as Mexico, Brazil, Argentina and Poland.

This has impaired the ability of lesser borrowers to raise money on the international markets. After last week's developments, the question being asked in the Eurodollar markets is how far the lack of confidence in international lending is going to engulf a whole succession of countries before the contagion finally abates.

The answer to this question depends heavily on how the emerging problems are handled. One consolation is that banks, governments and the International Monetary Fund now have well-tried mechanisms in place to deal with debt problems as they occur. Using them effectively does, however, also depend heavily on the behaviour of the borrowing country.

It has long been argued in the Eurodollar market that Yugoslavia's problems need not have reached last week's crisis proportions, had the country adopted a more orderly approach to its borrowing and taken action sooner to curb the excesses of some regional entities such as Privredna Banka of Zagreb. Venezuela finds itself in a similar



position, where its ability to help itself will go a long way towards determining what happens in the months ahead.

There was some good news, however, in Venezuela last week as the Government got a grip on one wayward borrowing entity, the development agency, Corporacion Venezolana de Fomento (CVF). CVF has already paid about \$28m in back in-

terest due to a syndicate of banks led by Bank of America, and has also been granted budgetary authorisation to make good some \$4m of arrears on loans it has guaranteed which would otherwise be in effective default.

But bad news came with the resignation of Sr Ignacio Sandoval, the country's Director General of Public Finance and a key figure in its relations with foreign banks. The taciturn Sr Sandoval did not enjoy a high reputation among foreign bankers, partly because of his inability to speak English. Concern has been aroused by the fact that his replacement, Sr Gustavo Gallo, is a civil engineer who, in the words of one banker "no one's ever heard of."

Meanwhile, Venezuela's programme to refinance a large part of its \$8.7bn in short-term debt is now falling seriously behind schedule and bankers believe it needs to be formally relaunched by Sr Arturo Sosa, the country's new Finance Minister.

Chile now seems set to negotiate at least a partial restructuring of its \$16.5bn foreign debt, most of which is owed by its ailing private sector. A group of 12 leading creditor banks is to hold a "fact-finding" meeting in New York today. This is to be followed by discussions with Chilean government officials.

Romania made considerable progress in rescheduling talks with banks last week, while Yugoslavia is to seek about \$3bn in new loans

this year as part of a rescue package that also includes refinancing of debt owed to commercial banks and governments.

The commercial banks' part of this package is to refinance around \$1bn in maturing debt, renew some \$1.5bn in short-term credit lines and provide some \$750m in new money. There is, says one banker, "an aura of inevitability" about all this, but a meeting of leading banks on Friday threw up one potentially controversial point.

A consensus emerged that the borrowing entity for both the refinancing and the new money should be the National Bank of Yugoslavia, the central bank. This is likely to go down badly in Belgrade, where the federal government has resisted even the provision of a guarantee by its central bank to borrowings by the regional entities in the past.

Creditor banks are in the process of forming an advisory committee to handle the Yugoslav problem. It will be chaired on a non-voting basis by Manufacturers Hanover but individual membership is not yet firmly fixed.

CURRENT INTERNATIONAL BOND ISSUES

| Borrowers | Amount m. | Maturity | Av. life years | Coupon % | Price | Lead Manager | Offer yield % |
|--------------------------------|--------------|----------|-------------------|-------------|--------|---------------------|------------------|
| U.S. DOLLARS | | | | | | | |
| EPF | 300 | 1985 | 12 | 5 1/4 | 100 | Morgan Guaranty | 5.250 |
| McDonald's Corp | 75 | 1983 | 19 | 9 1/4 | 100 | Merrill Lynch | 9.875 |
| CAFE | 75 | 1980 | 7 | 11 1/4 | 89 1/4 | Deutsche Bank | 11.540 |
| BASF | 150 | 1988 | 6 | 8 1/4 | 100 | Deutsche Bank | 9.875 |
| Hoechst AG | 80 | 1983 | 10 | 9 | 100 | Deutsche Bank | 8.000 |
| Williams & Soto's | 100 | 1983 | 19 | 11 | 100 | HBI Seamen | 11.000 |
| Industrial Bank of Japan | 100 | 1990 | 7 | 10 1/4 | 99 1/4 | W.J. Morgan Stanley | 10.830 |
| Venezuela Central & Comm. Bank | 50 | 1988 | 7 | 11 1/4 | 100 | CSFB | 11.375 |
| Hansen Trust | 40 | 1988 | 15 | 8 | - | CSFB | - |
| SWISS FRANCES | | | | | | | |
| Japan Ex-Im Bank | 100 | 1983 | 10 | 5 | 100 | SBC | 5.000 |
| Credit Suisse | 100 | 1985 | 10 | 4 1/4 | 100 | CS | 4.500 |
| Japan Steel Works | 30 | 1988 | 5 | 5 1/4 | 100 | Banco del Gottardo | 5.250 |
| Tokai | 25 | 1988 | 6 | 5 1/4 | 100 | Swiss Volksbank | 5.750 |
| Thyssen Ind. SH Luxembourg | 40 | 1988 | 8 | 5 1/4 | 100 | UBS | 5.250 |
| Union Bank of Norway | 60 | 1983 | 10 | 9 1/4 | 100 | UBS | 9.375 |
| Wain Bank of Norway | 25 | 1988 | 7 | 5 1/4 | 100 | UBS | 5.375 |
| Boyer | 50 | 1988 | 8 | 4 1/4 | 100 | CS | 4.750 |
| Suisse Suisse | 30 | 1988 | 5 | 5 1/4 | 100 | UBS | 5.750 |
| BBM | 200 | 1985 | 3 | 4 | 100 | SBC | 4.000 |
| SWISS FRANCES (cont) | | | | | | | |
| Swissair Heavy Industry | 70 | 1988 | 5 | 5 1/4 | 99 1/2 | SBC | 5.620 |
| Elia Seilliere de Elm | 60 | 1988 | 5 | 7 | 100 | UBS | 7.000 |
| Asino Development Bank | 100 | 1985 | 12 | 5 1/4 | - | UBS | - |
| Mobilus Electric Power Co | 100 | 1988 | 5 | 5 1/4 | - | CS | - |
| Modul Computers | 50 | 1988 | 6 | 5 | 100 | CS | 5.000 |
| Republic of Finland | 100 | 1989 | 6 | 5 1/4 | 100 | SBC | 5.250 |
| D-MARKS | | | | | | | |
| CNT | 200 | 1983 | 19 | 7 1/4 | 99 1/2 | WestLB | 7.570 |
| Nippon Steel | 150 | 1989 | 7 | 6 1/4 | 99 | Deutsche Bank | 6.940 |
| YEN | | | | | | | |
| ENB | 200m | 1985 | 9 | 7.8 | 99 1/4 | Nomura Sec. | 7.837 |
| GUINEAN DOLLARS | | | | | | | |
| World Bank | 150 | 1988 | 5 | 7 | 89.50 | ABN, AmroBank | 7.122 |
| STERLING | | | | | | | |
| EEC | 50 | 1991 | 8 | 11 1/4 | 99.80 | S. G. Warburg | 11.920 |
| NEW ZEALAND DOLLAR | | | | | | | |
| McDonald's | 12 | 1988 | 5 | 15 | 100 | Banque Paribas | 15.000 |

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The Nikko Securities Co., (Europe) Ltd.

Manufacturers Hanover Limited

Creditanstalt-Bankverein

European Banking Company Limited

Morgan Guaranty Ltd

Orion Royal Bank Limited

Swiss Bank Corporation International Limited

S.G. Warburg & Co. Ltd.

The Notes of U.S. \$1,000 and U.S. \$10,000 each have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Global Note representing the Initial Tranche.

Interest will be payable on 1st August, in 1983 on 20 per cent. of the principal amount, and annually thereafter on 100 per cent. of the principal amount.

Particulars relating to Amsterdam-Rotterdam Bank N.V. and the Notes are available from Extel Statistical Services Limited and, in relation to the Notes, may be obtained during normal business hours up to and including 7th February, 1983 from:

Cazenove & Co.,
12 Tokenhouse Yard,
London EC2R 7AN

24th January, 1983

INTERNATIONAL COMPANIES and FINANCE

U.S. BONDS

Prices fall sharply
as markets lose
their nerve

U.S. BOND PRICES slid sharply last week as the market's mood turned from nervousness to pessimism. The change was fuelled by interest rate uncertainties and fears that the economic recovery, as yet only faintly signalled, coupled with the massive Federal government budget deficit, could lead to excessive credit demands and the possible re-ignition of inflation.

The sell-off, which by the close on Friday proved to be the sharpest for several months, was concentrated at the long end of the Government sector. The Treasury long bond fell about 24 points to 96 to yield 10.73 per cent as retail demand crumbled and institutional investors stayed on the sidelines.

However, it also spilled over into other sectors of the market which, having allowed for a cut in the discount rate from the current level of 8.5 per cent, paid the price when it again failed to materialise.

There were many factors behind the market's apparent loss of nerve. While the prevailing consensus remains that the recovery, when it arrives, will be weak, the markets have become increasingly concerned about the immediate prospects for further interest rate declines.

There is a growing feeling in the money and bond markets that the steep decline in short-term rates is over. While most Wall Street economists believe that short-term rates will continue to edge lower, the prevalent view is that the decline will be slower and subject to sharp "spikes" or reversals as evidence of an economic recovery mounts.

This in part is what happened last week. The danger was highlighted in comments by Dr Henry Kaufman, Salomon

Brothers' chief economist, on Friday morning. Dr Kaufman, while suggesting that "on balance long and intermediate interest rates are likely to continue to fall moderately over the next year or so," also warned that the weakness in bond prices last week "forebodes a pattern of recurring—but mostly self-correcting—setbacks."

The markets were nervous anyway. On Thursday evening Mr Paul Volcker, the Fed's chairman, had warned that the Fed had gone just about as far as it could in easing market conditions.

Tomorrow President Reagan delivers his "state of the nation" speech in which he will outline the budget—the details of which will be published next Monday. Later this week Mr Volcker himself is to give evidence before Congress's Joint Economic Committee.

The markets themselves needed little reminder of the problems ahead—including the predicted \$200bn budget deficit. Last week they swallowed, with reasonable ease, \$7.25bn in two-year notes producing \$2.6bn in new cash at an average yield of 9.25 per cent and \$7.5bn in one-year bills raising \$2.3bn in fresh cash at an average yield of 8.01 per cent.

On Wednesday the Treasury will announce details of its quarterly refunding. This is expected to total \$14.5bn, comprising \$8.5bn of three-year notes, \$4.5bn of 10-year notes, and \$1.5bn of a new Treasury 30-year bond. The Treasury also announced last week that it would auction in early February.

The unexpectedly large \$6.9bn increase in M1 announced last Friday largely reflected the impact of the new "super now" high interest current accounts introduced on January 5 and had little impact on the market.

However, given the uncertainties, it was hardly surprising that new corporate issues dwindled to \$715m from 12 straight issues last week.

The two largest issues came from Westinghouse Credit Corporation, which launched \$100m of six-year notes priced at par to yield 10.75 per cent, and a \$125m issue of 20-year 12½ debentures from El Paso Natural Gas.

Paul Taylor

HONG KONG CREDITS

Hiatus in Asian borrowing

A DC-10 in exchange for a consignment of bananas. That is an example of one sort of swap that international bankers in Hong Kong see growing in the region—barter trade, calling for special, not to say intuitive, skills if bankers are to turn a profit.

But back in the field of regular cash transactions, swaps of a different kind have captured the imagination of big borrowers. Interest-rate swaps, where a triple-A borrower takes fixed-interest money, and swaps it for floating-rate money raised by a less-respected name.

Whatever happens in 1983, the Asian capital markets in 1982, while suggesting that "on balance long and intermediate interest rates are likely to continue to fall moderately over the next year or so," also warned that the weakness in bond prices last week "forebodes a pattern of recurring—but mostly self-correcting—setbacks."

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Paul Taylor

likely to be active, with Taiwan making occasional forays to haggle for very fine prices.

But Asia's most fascinating financial situation this year is likely to be one which falls technically outside the brief of Hong Kong's international bankers, and into the brief of their domestic counterparts in Hong Kong itself, with its budget in deficit, its property sector in collapse, and its long-term future uncertain.

For the moment, the overall Asian outlook is one of hiatus. Do the debt crises of Latin America and Eastern Europe mean that Asian borrowers should be able to argue down terms because they are relatively better risks, or does it mean that they will have to pay the price of greater uncertainty among, particularly second-line, banks towards international capital markets?

There are a lot more banks willing to arrange loans than there are willing to fund them.

Robert Cottrell

American
Brands net
shows fall

By Paul Taylor in New York

AMERICAN BRANDS, the U.S. tobacco group, has reported net earnings of \$102.5m or \$1.8 a share for the fourth quarter of 1982, compared with \$102.5m in the same period last year.

The fourth quarter results made a final net result for the year of \$381.4m or \$6.55 per share compared with \$386.2m or \$6.66 a share in 1981. Sales were flat at \$6.5bn last year against \$6.53bn.

The company, which owns Galleries, the UK, producing cigarette brands such as Benson and Hedges, Silk Cut and Park Drive, as well as Hamlet cigars and a range of pipe tobacco, says that the dollar-pound exchange rate remained at its 1981 level consolidated sales for the small quarter would have been \$66m or 6.5 per cent higher. For the year they would have been \$77m, or 8.5 per cent higher.

On the same basis net income for the year would have been \$1.8m, or 11 cents a share, higher.

AMERICAN QUARTERLY RESULTS

| AMERICAN BRANDS | | | |
|-----------------|-------|-------|--|
| Fourth quarter | 1982 | 1981 | |
| Revenue | 720.5 | 720.5 | |
| Net profits | 102.5 | 102.5 | |
| Net per share | 1.8 | 1.8 | |
| Year | | | |
| Revenue | 2,800 | 2,800 | |
| Net profits | 381.4 | 386.2 | |
| Net per share | 6.55 | 6.66 | |

| FINST CITY-BANCORP TEXAS | | | |
|--------------------------|-------|-------|--|
| Fourth quarter | 1982 | 1981 | |
| Revenue | 35.1 | 35.1 | |
| Net profits | 3.1 | 3.1 | |
| Net per share | 0.5 | 0.5 | |
| Year | | | |
| Revenue | 140.4 | 140.4 | |
| Net profits | 12.4 | 12.4 | |
| Net per share | 2.0 | 2.0 | |

| ARCHER DANIELS-MIDLAND | | | |
|------------------------|---------|---------|--|
| Second quarter | 1982-83 | 1981-82 | |
| Revenue | 28.7 | 28.7 | |
| Net profits | 0.8 | 0.8 | |
| Net per share | 0.7 | 0.7 | |

| FIRST NATIONAL BOSTON | | | |
|-----------------------|-------|-------|--|
| Fourth quarter | 1982 | 1981 | |
| Revenue | 34.9 | 34.9 | |
| Net profits | 3.4 | 3.4 | |
| Net per share | 0.6 | 0.6 | |
| Year | | | |
| Revenue | 138.1 | 138.1 | |
| Net profits | 12.4 | 12.4 | |
| Net per share | 2.0 | 2.0 | |

| INTEREST CORP. | | | |
|----------------|------|------|--|
| Fourth quarter | 1982 | 1981 | |
| Revenue | 5.7 | 5.7 | |
| Net profits | 0.7 | 0.7 | |
| Net per share | 0.6 | 0.6 | |
| Year | | | |
| Revenue | 22.4 | 22.4 | |
| Net profits | 2.8 | 2.8 | |
| Net per share | 0.5 | 0.5 | |

| DOVER CORPORATION | | | |
|-------------------|-------|-------|--|
| Fourth quarter | 1982 | 1981 | |
| Revenue | 248.3 | 271.2 | |
| Net profits | 21.2 | 22.2 | |
| Net per share | 0.8 | 0.8 | |
| Year | | | |
| Revenue | 1,000 | 1,000 | |
| Net profits | 88.7 | 88.7 | |
| Net per share | 2.2 | 2.2 | |

| FIRST BANK SYSTEM | | | |
|-------------------|------|------|--|
| Fourth quarter | 1982 | 1981 | |
| Revenue | 8 | 8 | |
| Net profits | 0.4 | 0.4 | |
| Net per share | 0.3 | 0.3 | |

More North
American
results, Page 22

INTERNATIONAL APPOINTMENTS

BOSTON CORPORATION (FBC) as executive director of CSFB and as a managing director of FBC. Following Japanese acceptance, he will be initially seconded for the period from January 1-March 31 1983, when he will formally become a director of the FBC/CSFB Group. He will have overall responsibility for the group's joint Tokyo office and all CSFB and FBC business activities in Japan. Prior to joining Yamachi Securities in 1978, Mr Amato spent four years in the investment banking division of First Boston in New York and Tokyo.

Mr Mitsuya Okabe, managing director of LTCB International since its establishment, is returning to Japan this month to take up his new appointment at the headquarters of THE LONG TERM CREDIT BANK OF JAPAN.

Mr Otto Werther and Mr Bruno Salzmanna have been appointed directors of the FEDERAL RESERVE BANK OF NEW YORK, and Mr William S. Cook, president, Union Pacific Corporation, was re-elected a class B director of the FEDERAL RESERVE BANK OF NEW YORK, and Mr William S. Cook, president, Union Pacific Corporation, was re-elected a class B director of the FEDERAL RESERVE BANK OF NEW YORK, and Mr William S. Cook, president, Union Pacific Corporation, was re-elected a class B director of the FEDERAL RESERVE BANK OF NEW YORK.

Mr Carl A. Bafaro has joined ROTHCHILD INC., New York, the U.S. investment arm of N.M. Rothschild & Sons, London, as senior vice-president in charge of marketing. Mr Alfred Brittain III, chairman, Bankers Trust New York Corporation and Bankers Trust Company, has been elected a director of the FEDERAL RESERVE BANK OF NEW YORK, and Mr William S. Cook, president, Union Pacific Corporation, was re-elected a class B director of the FEDERAL RESERVE BANK OF NEW YORK.

Anglo-Swiss-owned Luxembourg company Kuehne and Nagel SA, Mr Werther is responsible for worldwide forwarding operations of the group. Mr Salzmanna is in charge of finance, accounting and controlling of the group and has in recent years been responsible for reorganisation of the group's operational structure.

Mr Paul Cooper has been promoted to vice-president/West Coast general manager for ATLANTIC RECORDS. Mr Cooper, who is based at the Los Angeles office, has been director of creative services for Atlantic since August 1980.

Mr John M. Stafford, an executive vice-president of THE PILLSBURY COMPANY and president of Pillsbury's consumer goods group, has been elected a member of the company's board, increasing its membership to 15. Mr Charles E. Smith, who has been vice-president, investor relations, has replaced Mr Gordon M. Donahoe who has taken a leave of absence to become Commissioner of Finance for the State of Minnesota.

The Pillsbury Company has also appointed Mr Robert L. Lindsay, Jr., vice-president of strategic planning, to the position of vice-president of the company's consumer foods group.

Mr Donald R. Maag has been named president of the U.S. League of Savings Institutions new subsidiary, U.S. LEAGUE INVESTMENT SERVICES, INC., Chicago, the specialty of the league's new Liquidity Fund for Thrifts, a securities investment fund for savings institutions. Mr Maag joined the league headquarters staff in 1980.

Mr Anthony H. Galperin has been elected vice-president of INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION and in January will assume the responsibilities of director of operations for the company's business and consumer communications division of ITT. Telecommunications-North America group. He will be based at the New York office and will be responsible for the continued advancement of quality control, consumer affairs, product safety and environmental protection at ITT operations worldwide.

Mr Kizer as president and chief operating officer. He was executive vice president. Mr Donald M. Kizer, former president, will remain associated with the company.

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All of these Securities have been sold. This announcement appears as a matter of record only.

U.S. \$50,000,000
Sanwa International Finance Limited

11¼% Guaranteed Notes Due 1989



Unconditionally and irrevocably guaranteed
as to payment of principal, premium (if any) and interest by

The Sanwa Bank, Limited

(Kabushiki Kaisha Sanwa Ginko)

| | |
|--|--|
| SANWA BANK (UNDERWRITERS) LIMITED | MORGAN STANLEY INTERNATIONAL |
| BARING BROTHERS & CO., LIMITED | |
| BAYERISCHE VEREINSBANK AKTIENGESELLSCHAFT | CHEMICAL BANK INTERNATIONAL GROUP |
| CITICORP INTERNATIONAL GROUP | CONTINENTAL ILLINOIS CAPITAL MARKETS GROUP |
| CREDIT LYONNAIS | CREDIT SUISSE FIRST BOSTON LIMITED |
| GOLDMAN SACHS INTERNATIONAL CORP. | MANUFACTURERS HANOVER LIMITED |
| SAMUEL MONTAGU & CO. LIMITED | MORGAN GUARANTY LTD |
| NOMURA INTERNATIONAL LIMITED | J. HENRY SCHRODER WAGG & CO. LIMITED |
| SMITH BARNEY, HARRIS UPHAM & CO. | SWISS BANK CORPORATION INTERNATIONAL LIMITED |
| UNION BANK OF SWITZERLAND (SECURITIES) LIMITED | |

January 24, 1983

FT INTERNATIONAL BOND SERVICE

| U.S. DOLLAR | | | |
|----------------|-----|---------|--------|
| Issued | Bid | Offer | Change |
| Ames 15 1/2 87 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 88 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 89 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 90 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 91 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 92 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 93 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 94 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 95 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 96 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 97 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 98 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 99 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 00 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 01 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 02 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 03 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 04 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 05 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 06 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 07 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 08 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 09 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 10 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 11 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 12 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 13 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 14 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 15 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 16 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 17 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 18 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 19 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 20 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 21 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 22 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 23 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 24 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 25 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 26 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 27 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 28 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 29 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 30 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 31 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 32 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 33 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 34 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 35 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 36 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 37 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 38 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 39 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 40 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 41 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 42 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 43 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 44 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 45 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 46 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 47 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 48 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 49 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 50 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 51 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 52 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 53 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 54 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 55 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 56 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 57 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 58 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 59 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 60 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 61 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 62 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 63 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 64 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 65 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 66 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 67 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 68 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 69 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 70 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 71 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 72 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 73 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 74 | 100 | 100 1/2 | +0.11 |
| Ames 15 1/2 75 | 100 | 100 1/2 | +0.11 |

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Changing fortunes of the pound

BY COLIN MILLHAM

Sterling was generally firmer last week, but financial markets remained nervous because of the pound's low level against the dollar. This was largely the result of money flowing back into the U.S. currency because of the delayed cut in the Federal Reserve discount rate and the fall from favour of the D-mark on nervousness about the West German general election in March.

On Friday sterling finished at a record closing low of \$1.5670, compared with the previous low of \$1.5700 set on October 29, 1976. But the trade-weighted index is now 82.8, compared with the equivalent of 77.6 in 1976.

In terms of Britain's other

major European competitors sterling is still very firm although in some cases not quite as strong as at the end of 1980. During the 61 year period the pound has advanced to around FF10.85 from FF7.75 against the French franc; to £1.42 from £1.32 against the German mark; to 12.18 from 12.15 against the Swiss franc; and to 12.18 from 12.15 against the lira.

At the time of the U.S.

Presidential election on

November 4, 1980 sterling hit a

peak for recent years of \$2.4540,

but comparable figures against

other currencies were: DM10.81;

FF10.85; BF7.75; and £1.213.

This points rather a strange

picture, with the pound little

changed from its 1976 level

against the D-mark when sterling

was at a low against the dollar.

But also hardly changed from

1980 levels against the weaker

members of the EMS, such as

the French franc, Belgian franc

and lira, when the pound was at

a peak against the dollar.

FORWARD RATES AGAINST STERLING

| | Spot | 1 month | 3 months | 6 months | 12 months |
|--------------|---------|---------|----------|----------|-----------|
| Dollar | 1.5670 | 1.5670 | 1.5670 | 1.5670 | 1.5670 |
| D-Mark | 0.8225 | 0.8225 | 0.8225 | 0.8225 | 0.8225 |
| French Franc | 10.8500 | 10.8500 | 10.8500 | 10.8500 | 10.8500 |
| Swiss Franc | 12.1800 | 12.1800 | 12.1800 | 12.1800 | 12.1800 |
| Japanese Yen | 236.5 | 236.5 | 236.5 | 236.5 | 236.5 |

BANK OF ENGLAND TREASURY BILL TENDER

| | Jan. 21 | Jan. 24 | Jan. 27 | Jan. 30 |
|------------------|----------|----------|----------|----------|
| Bills on offer | £100m | £100m | £100m | £100m |
| Total of | £100m | £100m | £100m | £100m |
| Accepted | £100m | £100m | £100m | £100m |
| Rate of discount | 10.7500% | 10.7500% | 10.7500% | 10.7500% |
| Average yield | 11.00% | 11.00% | 11.00% | 11.00% |
| Amount in offer | £100m | £100m | £100m | £100m |
| Allocation at | 14% | 87% | 14% | 87% |
| minimum level | £100m | £100m | £100m | £100m |

CURRENCY MOVEMENTS

| | Jan. 21 | Jan. 24 | Jan. 27 | Jan. 30 |
|--------------------|---------|---------|---------|---------|
| Sterling | 82.8 | 82.8 | 82.8 | 82.8 |
| D-Mark | 10.81 | 10.81 | 10.81 | 10.81 |
| French Franc | 10.85 | 10.85 | 10.85 | 10.85 |
| Swiss Franc | 12.18 | 12.18 | 12.18 | 12.18 |
| Japanese Yen | 236.5 | 236.5 | 236.5 | 236.5 |
| Italian Lira | 1,375 | 1,375 | 1,375 | 1,375 |
| Spanish Peseta | 166.6 | 166.6 | 166.6 | 166.6 |
| Portuguese Escudo | 200.4 | 200.4 | 200.4 | 200.4 |
| Belgian Franc | 36.3 | 36.3 | 36.3 | 36.3 |
| Dutch Guilder | 3.76 | 3.76 | 3.76 | 3.76 |
| Austrian Schilling | 13.76 | 13.76 | 13.76 | 13.76 |
| West German Mark | 1.32 | 1.32 | 1.32 | 1.32 |
| Irish Punt | 0.78 | 0.78 | 0.78 | 0.78 |
| Greek Drachma | 340.7 | 340.7 | 340.7 | 340.7 |
| Israeli Sheqel | 1.80 | 1.80 | 1.80 | 1.80 |
| South African Rand | 1.50 | 1.50 | 1.50 | 1.50 |
| U.S. Dollar | 1.5670 | 1.5670 | 1.5670 | 1.5670 |

Based on trade weighted changes from

Washington agreement December 1971.

Bank of England index (base average

1976=100).

*C/S/E rate for Jan 21, 1983.

*C/S/E rate for Jan 21, 1983.

*C/S/E rate for Jan 21, 1983.

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UK COMPANY NEWS

Nadir family boosts Cyprus side

BY METIN MUNIR IN NICOSIA

THE NADIR family is undertaking a substantial increase in its activities in the self-proclaimed Turkish Federated State of Cyprus, which has contributed to the phenomenal increase in the share prices of its three UK based companies: Poly Peck, Wearwell, and Cornell.

"Last year a quarter of the group's turnover originated from activities in Cyprus," said Mr. Irfan Nadir, 63, who, together with his energetic wife, is managing the family's businesses in Cyprus. "This year we hope to at least double this business."

Mr. Irfan Nadir is the father of Mr. Asil Nadir who runs the business from his London headquarters.

The Nadir business in northern Cyprus consists of:

- Uni-Pac which manufactures cardboard boxes and trays at the Famagusta free zone;
- Wearwell, which manufactures women's and children's clothes;
- Meyne citrus fruit, grapes,

potatoes and vegetables, packing and export; and

● Cyprus Industrial and Overseas Bank founded last year with an authorised capital of Turkish lira 500m (£16m).

Mr. Irfan Nadir said that the bank was planning to raise its 1982-83 citrus fruit exports, which are mainly made to the UK, to 40,000 tons from 18,000 tons in the previous season.

He said in order to utilise the large potential in the citrus fruit export business a second packing plant would be built during this year. The company's first plant, by the citrus groves in Guselyurt (Morphou), was completed two months ago. Its daily capacity is 120 tons.

Mr. Nadir said that permission was obtained from the Turkish Cypriot Government to invest Turkish lira 400m (£13m) in an extract plant which would process second grade citrus fruits for their juice and expensive oil which is used in perfume making. The land on which the plant would be built has been bought and the machinery ordered, he said.

According to Mr. Nadir the group would go into exports of potatoes and grapes this year and was examining the prospects for growing avocados on the island.

There are also plans to double the capacity of Uni-Pac which has the capacity to manufacture 30-40m boxes a year, depending on the type of box. Most of its products are destined for the Middle East markets and Turkey, where Nadir is building a water bottling plant north of Ankara.

Mr. Nadir said that plans for buying two cargo planes and leasing two ships would be carried out in the first half of this year. The planes will give the group a virtual monopoly in airfreighted cargo from Cyprus.

The group currently employs 2,500 people, half of them on a seasonal basis. There are 1,000 women in two dozen villages in northern Cyprus who work for Wearwell out of their cottages.

According to Mrs. Safye Nadir, Wearwell Cyprus makes on average 15,000 women's and

children's dresses a week. The dresses are cut in London and shipped to Cyprus where they are sent to cottages for sewing. They are re-shipped to London where they are ironed, labelled and packed for export.

In Cyprus the Nadir interests benefit from the cheapness of labour, which costs a quarter of what it does in the UK. Electricity is also very cheap, as is land and leasing. The family has excellent political contacts and seems to enjoy the support of both the local government and Ankara, which is the patron of Northern Cyprus.

The family has been promised a five-year tax holiday by the Turkish Cypriot Government for its activities in the free zone. This, however, did not prevent the local ministry of finance from levying tax on Uni-Pac.

The ministry maintains that there is no law which authorises the Government to grant tax holidays. The Government, however, has tabled a new bill which will grant tax exemption to all activities in the zone for eight years.

Woolworth fails to find chief executive

BY JOHN MOORE, CITY CORRESPONDENT

MR JOHN BECKETT, executive chairman of Woolworth Holdings, the company which runs the selling F. W. Woolworth High Street chain of stores, is not to appoint a chief executive to the stores group for up to 18 months.

The development marks a setback in the plans announced for Woolworth when a group of more than 30 City institutions mounted a £200m takeover bid for Woolworth last autumn through a company called Paternoster Stores. Since then Paternoster has been renamed Woolworth Holdings.

In the offer document for Woolworth of last October, Paternoster said that it was its intention to recruit a chief executive of the highest calibre to manage the retail operations. A short list of candidates was said at the time to have been drawn up. This weekend it emerged that the new owner of Woolworth had been using head hunters and management consultants Russell Reynolds to fill the top post.

Mr. Beckett said yesterday: "There are more ways than one of skinning a cat. I have not yet found a Messiah."

So far it appears that the new owner has not been successful in finding a candidate with sufficient retailing talents, although other top management posts have been filled.

The setback is likely to disappoint some of the major institutional backers of the takeover who had provided their support on the assumption that there was going to be major management changes.

In an effort to beef up the retailing operations of Woolworth, the institutions supported the appointment of Mr. Peter Farnham-Williams, a deputy chairman of the company making the bid.

He was described by Mr. Beckett at the time of the takeover, as "a man with retailing in his blood. He helped build up the highly successful Asda Stores and has been recently helping to make the grocery supermarket chain, International Stores, a profitable company."

Mr. Beckett said yesterday: "The directors are sure that once the art market begins to reflect this, 'Sotheby's' will prosper and prosper well."

During the first four months of the current season sales fell from £12.2m to £9.5m, due to the general weakness of the economy which caused major consignors to await the outcome of the autumn sales. Mr. G. D. Lewellyn, group chief executive says.

However, the finest works have been fetching exceptional prices, and the tone of the market has improved recently so there are more encouraging prospects for

the latter part of the season. During the year to August 31 1982 the group made taxable losses of £3,000m (£7.04m profits) on revenues of £22.75m (£25.4m) and the dividend was cut from 12.5p net per 25p share to a nominal 0.1p. Redundancy and pension payments totalled £438,000 (£33,000).

Meeting: New Bond Street, W. February 14, 4.00 pm.

FT Share Information

The following securities have been added to the Share Information Service: AMEC (Section Buildings); Anglo Utd. Dev. (Mines Metals); Bepak (Industrial); BHM Minerals NL (Mines Aust.); Sandall (Wm.) (Buildings); Systems Designers (Engineering); Transcontinental Services (Industrial).

MINING NEWS

McAlpine earnings fall

BY KENNETH MARSTON, MINING EDITOR

A REFLECTION of the change of fortunes in the previously buoyant market for coal is provided by the results of the year to October 31 of the South African coal producing Alfred McAlpine in which Marchwiel has a stake of 70 per cent.

Our Johannesburg correspondent reports that although McAlpine's turnover rose by 42 per cent in the past year the trading profit, before dividend receipts and interest, fell by payments, dropped by 11.4 per cent to R3,082m from R3,492m in the previous 12 months.

Management blames the disappointing performance on the economic downturn which had a marked effect on domestic coal demand. The export coal market

is showing no sign of improvement and the company expects 1983 to be a difficult year.

The optimum colliery, in which McAlpine has a 50 per cent interest and which supplies coal to Eskom's Medunsa electric power station, increased its dividend and paid R2.2m to McAlpine against R1.9m in the previous year. But higher interest charges outweighed this improvement.

McAlpine has maintained its 1981-82 dividend at 24 cents in the face of a decline in earnings to 30.8 cents per share from 40.1 cents. Despite the difficulties expected in the current year the directors still hope to again maintain the dividend.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

Interim: Oatley, P. H. Industries, Scottish English and European Textiles, David S. Smith, William Somerville.

Final: D.C. Investments, Feb 7; Widdowson's Consolidated, Jan 25.

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2380/81 | 2381/82 | 2382/83 | 2383/84 | 2384/85 | 2385/86 | 2386/87 | 2387/88 | 2388/89 | 2389/90 | 2390/91 | 2391/92 | 2392/93 | 2393/94 | 2394/95 | 2395/96 | 2396/97 | 2397/98 | 2398/99 | 2399/00 | 2400/01 | 2401/02 | 2402/03 | 2403/04 | 2404/05 | 2405/06 | 2406/07 | 2407/08 | 2408/09 | 2409/10 | 2410/11 | 2411/12 | 2412/13 | 2413/14 | 2414/15 | 2415/16 | 2416/17 | 2417/18 | 2418/19 | 2419/20 | 2420/21 | 2421/22 | 2422/23 | 2423/24 | 2424/25 | 2425/26 | 2426/27 | 2427/28 | 2428/29 | 2429/30 | 2430/31 | 2431/32 | 2432/33 | 2433/34 | 2434/35 | 2435/36 | 2436/37 | 2437/38 | 2438/39 | 2439/40 | 2440/41 | 2441/42 | 2442/43 | 2443/44 | 2444/45 | 2445/46 | 2446/47 | 2447/48 | 2448/49 | 2449/50 | 2450/51 | 2451/52 | 2452/53 | 2453/54 | 2454/55 | 2455/56 | 2456/57 | 2457/58 | 2458/59 | 2459/60 | 2460/61 | 2461/62 | 2462/63 | 2463/64 | 2464/65 | 2465/66 | 2466/67 | 2467/68 | 2468/69 | 2469/70 | 2470/71 | 2471/72 | 2472/73 | 2473/74 | 2474/75 | 2475/76 | 2476/77 | 2477/78 | 2478/79 | 2479/80 | 2480/81 | 2481/82 | 2482/83 | 2483/84 | 2484/85 | 2485/86 | 2486/87 | 2487/88 | 2488/89 | 2489/90 | 2490/91 | 2491/92 | 2492/93 | 2493/94 | 2494/95 | 2495/96 | 2496/97 | 2497/98 | 2498/99 | 2499/00 | 2500/01 | 2501/02 | 2502/03 | 2503/04 | 2504/05 | 2505/06 | 2506/07 | 2507/08 | 2508/09 | 2509/10 | 2510/11 | 2511/12 | 2512/13 | 2513/14 | 2514/15 | 2515/16 | 2516/17 | 2517/18 | 2518/19 | 2519/20 | 2520/21 | 2521/22 | 2522/23 | 2523/24 | 2524/25 | 2525/26 | 2526/27 | 2527/28 | 2528/29 | 2529/30 | 2530/31 | 2531/32 | 2532/33 | 2533/34 | 2534/35 | 2535/36 | 2536/37 | 2537/38 | 2538/39 | 2539/40 | 2540/41 | 2541/42 | 2542/43 | 2543/44 | 2544/45 | 2545/46 | 2546/47 | 2547/48 | 2548/49 | 2549/50 | 2550/51 | 2551/52 | 2552/53 | 2553/54 | 2554/55 | 2555/56 | 2556/57 | 2557/58 | 2558/59 | 2559/60 | 2560/61 | 2561/62 | 2562/63 | 2563/ |
|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----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|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----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THE WEEK IN THE COURTS

**Attempt to extend the penalty area
may go beyond what is appropriate**

LAW IS sometimes like the rules of sport. If a footballer commits a foul in the penalty area, he knows the game decrees that he should pay the price of a near-certain goal. But no-one suggests his team should be visited with extra penalties that go beyond what is decreed. It is with the attitude of the law to the terms of a commercial contract.

prove excessively onerous to a party and show him to have entered into an improvident bargain.

In *Export Credits Guarantee Department v Universal Oil Products Company and others*, an attempt to extend the penalty area, which the law has so far not recognised, was boldly made. The circumstances were these. The New Standard Oil (NWS) company, which was a subsidiary of the parent company, ECGD claimed entitlement to reimbursement because the three defendants were in default in the performance of their obligation. In addition to the demand for premiums ECGD, in seeking to limit the risk it was incurring, demanded that the companies to indemnify it against monies which it might find itself obliged to pay to Kleinwort. Clause 7 provided for recourse

a contractual provision resulted in oppression, or undue hardship, or the imposition of unforeseen and intolerable burdens on a contracting party; in truth it was a penalty, notwithstanding that the clause was intended to guard against breach of contract as between the companies and ECGD. The argument was that such harsh and unconscionable result demonstrated that Clause 7 was a penalty clause. The judge

Parties to a contract must perform their obligations according to the terms of their bargain. If one party is in default, he must pay compensation. If he has defaulted, he has caused to the other party, but he cannot be made to pay more than adequate compensation, not even if he has contracted to pay more than proper compensation.

up by the Government of Newfoundland and became concerned with the purchase and operation of an oil refinery at St. John's. The company (Kleinwort) entered in 1970 into a complex financing operation. In essence, the Newfoundland companies issued promissory notes to the Government of Newfoundland, which were dated Kleinwort Benson, acting on its own behalf and for other

to the companies.

It began by expressly stating that the amounts payable were to be intended to avoid the cover payments made by ECGB by reason of any default by the American building and operating companies. It then stated that the promissory notes were to be guaranteed by the guarantors to Kleinwort of any sum . . . the companies will on demand pay to

100% analysis demonstrated was that from the defendants' point of view the indemnity was an improvident bargain, but that it did not bring them within the liability area demarcated by the law.

Last Thursday, the House of Lords gave the defendants leave to appeal, mainly because the amounts involved are so large.

Thus, where a contract fixes the amount to be paid in damages in the event of there being a breach, the court would construe the contract as one which also fixed it represented a genuine pre-estimate of the damage which would result from the breach. If it did, all well and good. But if it did not, then the estimated amount, even if it was the outcome the actual damages, provided money in return for the promissory notes. The bank at issue in the third defendant, an English company called Procon (Great Britain) Limited ("Procon.") The Export Credit Guarantee Corporation ("ECGC") sought to recover the sums which the banks that if any of the promissory notes were dishonoured on maturity, it would indemnify them. In turn, there would be a corresponding obligation on the part of the banks to provide the guarantee for the sums which the banks would be bound to repay might be largely out of all proportion to any damage which ECGD would have actually suffered as a result of the breach of contract by those companies.

hand may be less, if, on the other hand, the amount fixed is unrelated to the probable damage. The question is whether the new whistle and do not permit the aggrieved party to recover what is in effect something more than the amount for the damage.

between two U.S. companies (which were designing and constructing the refinery) together with Procon and ECGD that Procon should pay sums of money to the latter as a reward for the information.

The question of principle was whether the doctrine of penalties is capable of applying in a case where the terms of the contract between A and B provide that B shall pay a sum of money to A in the event of non-performance by B. The ECGD are in principle responsible by the exporter. This, if it is available, provides a trap to the unwary exporter, which could lead to his insolvency where the contract is not performed. The ECGD are in principle responsible by the exporter.

the appropriate penalty and will award only the ascertained true damage.

These considerations have been used to justify the refusal to the parties to a contract which one of them has broken. Relief against enforcement of the precise provisions of a contract is granted only in exceptional circumstances.

are to be faithfully kept. In general, contracts are strictly enforceable without any glosses to the principle that business contracts are to be faithfully kept. In general, contracts are strictly enforceable without any glosses to the principle that business contracts are to be faithfully kept.

ET UNIT TRUST INFORMATION SERVICE[illegible]

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Companies and Markets

WORLD STOCK MARKETS

NEW YORK

| 1982-83 | High | Low | Stock | Jan. 21 |
|---------|--------|--------|------------------------|---------|
| 401 | 28 | 27 1/2 | Am. Ind. Corp. | 28 1/2 |
| 402 | 28 1/2 | 28 | Am. Int'l. Corp. | 28 1/2 |
| 403 | 28 1/2 | 28 | Am. Overseas | 28 1/2 |
| 404 | 28 1/2 | 28 | Am. Pacific | 28 1/2 |
| 405 | 28 1/2 | 28 | Am. Shipbuilding | 28 1/2 |
| 406 | 28 1/2 | 28 | Am. Steel | 28 1/2 |
| 407 | 28 1/2 | 28 | Am. Textile | 28 1/2 |
| 408 | 28 1/2 | 28 | Am. Tobacco | 28 1/2 |
| 409 | 28 1/2 | 28 | Am. Travel | 28 1/2 |
| 410 | 28 1/2 | 28 | Am. Water | 28 1/2 |
| 411 | 28 1/2 | 28 | Am. Wire | 28 1/2 |
| 412 | 28 1/2 | 28 | Am. Zinc | 28 1/2 |
| 413 | 28 1/2 | 28 | Am. Oil | 28 1/2 |
| 414 | 28 1/2 | 28 | Am. Gas | 28 1/2 |
| 415 | 28 1/2 | 28 | Am. Electric | 28 1/2 |
| 416 | 28 1/2 | 28 | Am. Chemical | 28 1/2 |
| 417 | 28 1/2 | 28 | Am. Pharmaceutical | 28 1/2 |
| 418 | 28 1/2 | 28 | Am. Food | 28 1/2 |
| 419 | 28 1/2 | 28 | Am. Beverage | 28 1/2 |
| 420 | 28 1/2 | 28 | Am. Retail | 28 1/2 |
| 421 | 28 1/2 | 28 | Am. Services | 28 1/2 |
| 422 | 28 1/2 | 28 | Am. Insurance | 28 1/2 |
| 423 | 28 1/2 | 28 | Am. Finance | 28 1/2 |
| 424 | 28 1/2 | 28 | Am. Real Estate | 28 1/2 |
| 425 | 28 1/2 | 28 | Am. Media | 28 1/2 |
| 426 | 28 1/2 | 28 | Am. Telecommunications | 28 1/2 |
| 427 | 28 1/2 | 28 | Am. Transportation | 28 1/2 |
| 428 | 28 1/2 | 28 | Am. Utilities | 28 1/2 |
| 429 | 28 1/2 | 28 | Am. Energy | 28 1/2 |
| 430 | 28 1/2 | 28 | Am. Environmental | 28 1/2 |
| 431 | 28 1/2 | 28 | Am. Aerospace | 28 1/2 |
| 432 | 28 1/2 | 28 | Am. Defense | 28 1/2 |
| 433 | 28 1/2 | 28 | Am. Space | 28 1/2 |
| 434 | 28 1/2 | 28 | Am. Nuclear | 28 1/2 |
| 435 | 28 1/2 | 28 | Am. Biotechnology | 28 1/2 |
| 436 | 28 1/2 | 28 | Am. Robotics | 28 1/2 |
| 437 | 28 1/2 | 28 | Am. Computers | 28 1/2 |
| 438 | 28 1/2 | 28 | Am. Software | 28 1/2 |
| 439 | 28 1/2 | 28 | Am. Hardware | 28 1/2 |
| 440 | 28 1/2 | 28 | Am. Peripherals | 28 1/2 |
| 441 | 28 1/2 | 28 | Am. Networking | 28 1/2 |
| 442 | 28 1/2 | 28 | Am. Security | 28 1/2 |
| 443 | 28 1/2 | 28 | Am. Consulting | 28 1/2 |
| 444 | 28 1/2 | 28 | Am. Engineering | 28 1/2 |
| 445 | 28 1/2 | 28 | Am. Architecture | 28 1/2 |
| 446 | 28 1/2 | 28 | Am. Construction | 28 1/2 |
| 447 | 28 1/2 | 28 | Am. Manufacturing | 28 1/2 |
| 448 | 28 1/2 | 28 | Am. Distribution | 28 1/2 |
| 449 | 28 1/2 | 28 | Am. Wholesale | 28 1/2 |
| 450 | 28 1/2 | 28 | Am. Retail | 28 1/2 |
| 451 | 28 1/2 | 28 | Am. Food | 28 1/2 |
| 452 | 28 1/2 | 28 | Am. Beverage | 28 1/2 |
| 453 | 28 1/2 | 28 | Am. Tobacco | 28 1/2 |
| 454 | 28 1/2 | 28 | Am. Textile | 28 1/2 |
| 455 | 28 1/2 | 28 | Am. Apparel | 28 1/2 |
| 456 | 28 1/2 | 28 | Am. Footwear | 28 1/2 |
| 457 | 28 1/2 | 28 | Am. Jewelry | 28 1/2 |
| 458 | 28 1/2 | 28 | Am. Cosmetics | 28 1/2 |
| 459 | 28 1/2 | 28 | Am. Perfumes | 28 1/2 |
| 460 | 28 1/2 | 28 | Am. Health Products | 28 1/2 |
| 461 | 28 1/2 | 28 | Am. Medical Devices | 28 1/2 |
| 462 | 28 1/2 | 28 | Am. Pharmaceuticals | 28 1/2 |
| 463 | 28 1/2 | 28 | Am. Biotechnology | 28 1/2 |
| 464 | 28 1/2 | 28 | Am. Robotics | 28 1/2 |
| 465 | 28 1/2 | 28 | Am. Computers | 28 1/2 |
| 466 | 28 1/2 | 28 | Am. Software | 28 1/2 |
| 467 | 28 1/2 | 28 | Am. Hardware | 28 1/2 |
| 468 | 28 1/2 | 28 | Am. Peripherals | 28 1/2 |
| 469 | 28 1/2 | 28 | Am. Networking | 28 1/2 |
| 470 | 28 1/2 | 28 | Am. Security | 28 1/2 |
| 471 | 28 1/2 | 28 | Am. Consulting | 28 1/2 |
| 472 | 28 1/2 | 28 | Am. Engineering | 28 1/2 |
| 473 | 28 1/2 | 28 | Am. Architecture | 28 1/2 |
| 474 | 28 1/2 | 28 | Am. Construction | 28 1/2 |
| 475 | 28 1/2 | 28 | Am. Manufacturing | 28 1/2 |
| 476 | 28 1/2 | 28 | Am. Distribution | 28 1/2 |
| 477 | 28 1/2 | 28 | Am. Wholesale | 28 1/2 |
| 478 | 28 1/2 | 28 | Am. Retail | 28 1/2 |
| 479 | 28 1/2 | 28 | Am. Food | 28 1/2 |
| 480 | 28 1/2 | 28 | Am. Beverage | 28 1/2 |
| 481 | 28 1/2 | 28 | Am. Tobacco | 28 1/2 |
| 482 | 28 1/2 | 28 | Am. Textile | 28 1/2 |
| 483 | 28 1/2 | 28 | Am. Apparel | 28 1/2 |
| 484 | 28 1/2 | 28 | Am. Footwear | 28 1/2 |
| 485 | 28 1/2 | 28 | Am. Jewelry | 28 1/2 |
| 486 | 28 1/2 | 28 | Am. Cosmetics | 28 1/2 |
| 487 | 28 1/2 | 28 | Am. Perfumes | 28 1/2 |
| 488 | 28 1/2 | 28 | Am. Health Products | 28 1/2 |
| 489 | 28 1/2 | 28 | Am. Medical Devices | 28 1/2 |
| 490 | 28 1/2 | 28 | Am. Pharmaceuticals | 28 1/2 |
| 491 | 28 1/2 | 28 | Am. Biotechnology | 28 1/2 |
| 492 | 28 1/2 | 28 | Am. Robotics | 28 1/2 |
| 493 | 28 1/2 | 28 | Am. Computers | 28 1/2 |
| 494 | 28 1/2 | 28 | Am. Software | 28 1/2 |
| 495 | 28 1/2 | 28 | Am. Hardware | 28 1/2 |
| 496 | 28 1/2 | 28 | Am. Peripherals | 28 1/2 |
| 497 | 28 1/2 | 28 | Am. Networking | 28 1/2 |
| 498 | 28 1/2 | 28 | Am. Security | 28 1/2 |
| 499 | 28 1/2 | 28 | Am. Consulting | 28 1/2 |
| 500 | 28 1/2 | 28 | Am. Engineering | 28 1/2 |

Indices

| NEW YORK | | | | | | | | | | DOW JONES | | | 1968-63 | | | Since Comp'd | | | |
|----------------------------|---------|---------|---------|---------|---------|---------|---------|------|-----|-----------------|---------|---------|---------------------------------|---------|---------|--------------|---------|--------|--------|
| Jan. 21 | Jan. 20 | Jan. 19 | Jan. 18 | Jan. 17 | Jan. 16 | Jan. 15 | Jan. 14 | High | Low | High | Low | High | Low | High | Low | High | Low | | |
| * Industrials: 1052.96 | | | | | | | | | | 1076.82 | 1068.00 | 1073.62 | 1054.81 | 1059.50 | 1052.65 | 771.92 | 1052.35 | 41.22 | |
| * Non-Indus: | | | | | | | | | | 71.65 | 72.08 | 72.83 | 72.28 | 72.07 | 72.83 | 102.00 | 101.00 | 101.00 | |
| * Utilities: | | | | | | | | | | 126.85 | 126.78 | 124.45 | 124.40 | 124.45 | 124.45 | 125.78 | 101.22 | 101.22 | |
| * Trading Vol. | | | | | | | | | | 77,116 | 82,736 | 80,500 | 75,380 | 69,120 | 76,480 | 60,077 | 100,383 | 28,445 | |
| * OOO-T | | | | | | | | | | 77,116 | 82,736 | 80,500 | 75,380 | 69,120 | 76,480 | 60,077 | 100,383 | 28,445 | |
| * Day's high, low, yield % | | | | | | | | | | 6.01 | 6.03 | 6.17 | 6.52 | | | | | | |
| STANDARD AND POORS | | | | | | | | | | 1968-63 | | | Since Comp'd | | | | | | |
| Jan. 21 | Jan. 20 | Jan. 19 | Jan. 18 | Jan. 17 | Jan. 16 | Jan. 15 | Jan. 14 | High | Low | High | Low | High | Low | High | Low | High | Low | | |
| * Industrials: | | | | | | | | | | 111.71 | 114.55 | 116.36 | 116.45 | 114.78 | 114.61 | 116.78 | 114.06 | 116.78 | 2.23 |
| * Non-Indus: | | | | | | | | | | 148.84 | 148.26 | 146.27 | 148.49 | 148.71 | 146.85 | 147.77 | 142.00 | 147.77 | 4.49 |
| * Utilities: | | | | | | | | | | 118.11 | 118.11 | 118.11 | 118.11 | 118.11 | 118.11 | 118.11 | 118.11 | 118.11 | 118.11 |
| * Day's high, low, yield % | | | | | | | | | | 4.39 | 4.35 | 4.36 | 6.07 | | | | | | |
| * Industrials P/E ratio | | | | | | | | | | 11.85 | 11.30 | 10.94 | 7.77 | | | | | | |
| * Long Gov. Bond yield | | | | | | | | | | 10.60 | 10.41 | 10.45 | 14.12 | | | | | | |
| N.Y.S.E. ALL COMMON | | | | | | | | | | Rises and Falls | | | Jan. 21 Jan. 20 Jan. 19 Jan. 18 | | | | | | |
| Jan. 21 | Jan. 20 | Jan. 19 | Jan. 18 | Jan. 17 | Jan. 16 | Jan. 15 | Jan. 14 | High | Low | Issues Traded | 1,912 | 1,912 | 1,912 | 1,912 | 1,912 | 1,912 | 1,912 | | |
| * Rises: | | | | | | | | | | 270 | 270 | 270 | 270 | 270 | 270 | 270 | 270 | 270 | |
| * Falls: | | | | | | | | | | 1,172 | 1,172 | 1,172 | 1,172 | 1,172 | 1,172 | 1,172 | 1,172 | 1,172 | |
| * Unchanged: | | | | | | | | | | 554 | 554 | 554 | 554 | 554 | 554 | 554 | 554 | 554 | |
| * Now High/Low: | | | | | | | | | | 6 | 106 | 106 | 106 | 106 | 106 | 106 | 106 | 106 | |
| * New Lows: | | | | | | | | | | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | |
| MONTREAL | | | | | | | | | | 1968-65 | | | High | | | Low | | | |
| Jan. 21 | Jan. 20 | Jan. 19 | Jan. 18 | Jan. 17 | Jan. 16 | Jan. 15 | Jan. 14 | High | Low | Issues Traded | 1,912 | 1,912 | 1,912 | 1,912 | 1,912 | 1,912 | 1,912 | | |
| * Industrials | | | | | | | | | | 351.20 | 357.11 | 354.14 | 358.77 | 360.42 | 361.03 | 361.03 | 361.03 | 361.03 | 361.03 |
| * Non-Indus | | | | | | | | | | 336.61 | 340.45 | 338.68 | 342.74 | 345.76 | 345.76 | 345.76 | 345.76 | 345.76 | 345.76 |
| * Utilities | | | | | | | | | | 380.00 | 380.00 | 380.00 | 380.00 | 380.00 | 380.00 | 380.00 | 380.00 | 380.00 | 380.00 |
| * Day's high, low, yield % | | | | | | | | | | 11.85 | 11.30 | 10.94 | 7.77 | | | | | | |
| TORONTO Composite | | | | | | | | | | 256.54 | 256.74 | 256.74 | 257.74 | 261.74 | 261.74 | 261.74 | 261.74 | 261.74 | 261.74 |